



# WE BUILD TOMORROW

2016 HYUNDAI ENGINEERING & CONSTRUCTION  
SUSTAINABILITY REPORT



This report is printed on FSC™ certified paper using soy ink.



# ABOUT THIS REPORT

## Characteristics of This Report

This report is the seventh Sustainability Report of Hyundai E&C; it presents the corporate strategy for the sustainability management that has been established based on the Creating Shared Value (CSV) model. It consists of value creation processes as well as key activities and performances by divisions in economic, environmental, and social aspects. Hyundai E&C has also enhanced the communication with stakeholders by disclosing long-term sustainability management goals and including Key Performance Indicators (KPIs) in the report.

## Reporting Period & Boundary

This report covers Hyundai E&C’s economic, environmental, and social activities and performances of the headquarters as well as domestic and overseas sites from January 1, 2015 to December 31, 2015. In addition, we partially included activities and performances until May 2016 that have significant impacts on our business. For the quantitative performance, data of the recent 3 years is reported so that the yearly development can be analyzed.

## Reporting Standard

To communicate our sustainability achievements with stakeholders in a more transparent manner, this report has been written according to the Comprehensive option of the Global Reporting Initiative (GRI) G4 guidelines. It is reflecting the ten principles of the UN Global Compact and the main agenda of ISO 26000 as well. For the financial performance, Hyundai E&C reports its financial data based on the Korean International Financial Reporting Standards (K-IFRS).

## Third Party Assurance

In order to secure the credibility and fairness of the writing process and contents of the report, a third-party assurance was conducted by an external, independent specialized agency and the results are available on p. 74-75 of this report.



### 2016 COVER STORY

Hyundai E&C is making a construction history and paving the way for a sustainable future with our corporate spirit of creative daring. The cover represents the daring and progressive mindset of each member of Hyundai E&C and our challenging will to create a sustainable foundation of the humankind.

# 2016 HYUNDAI ENGINEERING & CONSTRUCTION SUSTAINABILITY REPORT

## CONTENTS

02	Message from the CEO
04	Business at a Glance
08	Sustainable Value Creation - Hyundai E&C Big Picture

### ECONOMIC VALUE CREATION 14

16	Management Philosophy & Vision	22	Creating Sustainable Economic Value
18	Sustainability Management Strategy	24	Expanding Future Growth Businesses
20	Key Sustainability Issues	26	Sound Corporate Governance
		28	Enhancing Ethical Management System
		30	Advancing Risk Management System

### ENVIRONMENTAL VALUE CREATION 32

34	Foundation for Environmental Management	44	Enhancing Core Technology Capability
36	Consolidating Carbon Management System	48	Customer Satisfaction through Innovation
38	Environment-friendly Construction Process		

### SOCIAL VALUE CREATION 50

52	Cultivating Global Talents	60	Shared Growth with Suppliers
55	Achieving Work-life Balance	64	Creating Shared Value through Social Contribution
58	Strengthening Safety Management System	66	2015 Hyundai E&C Social Contribution Highlights

### APPENDIX 68

69	Financial Performance	74	Third Party Assurance Report
70	Key Sustainability Indicators	76	GRI G4 Index
72	Global Sustainability Partnerships	80	Sustainable Value Creation
73	Greenhouse Gas Verification Statement	81	Major Awards and Accolades / Memberships



# WE BUILD TOMORROW

As a global construction company, Hyundai E&C aims to improve the sustainability of the world and the humankind by providing ‘Sustainable Habitat for Human’ through its sustainable construction products and environment-friendly technology services.

The Passion of Each and Every  
Member of Hyundai E&C is  
Establishing a Sustainable Tomorrow.

## SUSTAINABLE VALUE CREATION

Creating Shared Value

### INFRA & ENVIRONMENT WORKS

The Infra & Environment Works Division is continuously challenging to the environment for better life generating fruits from nothing.

### BUILDING WORKS

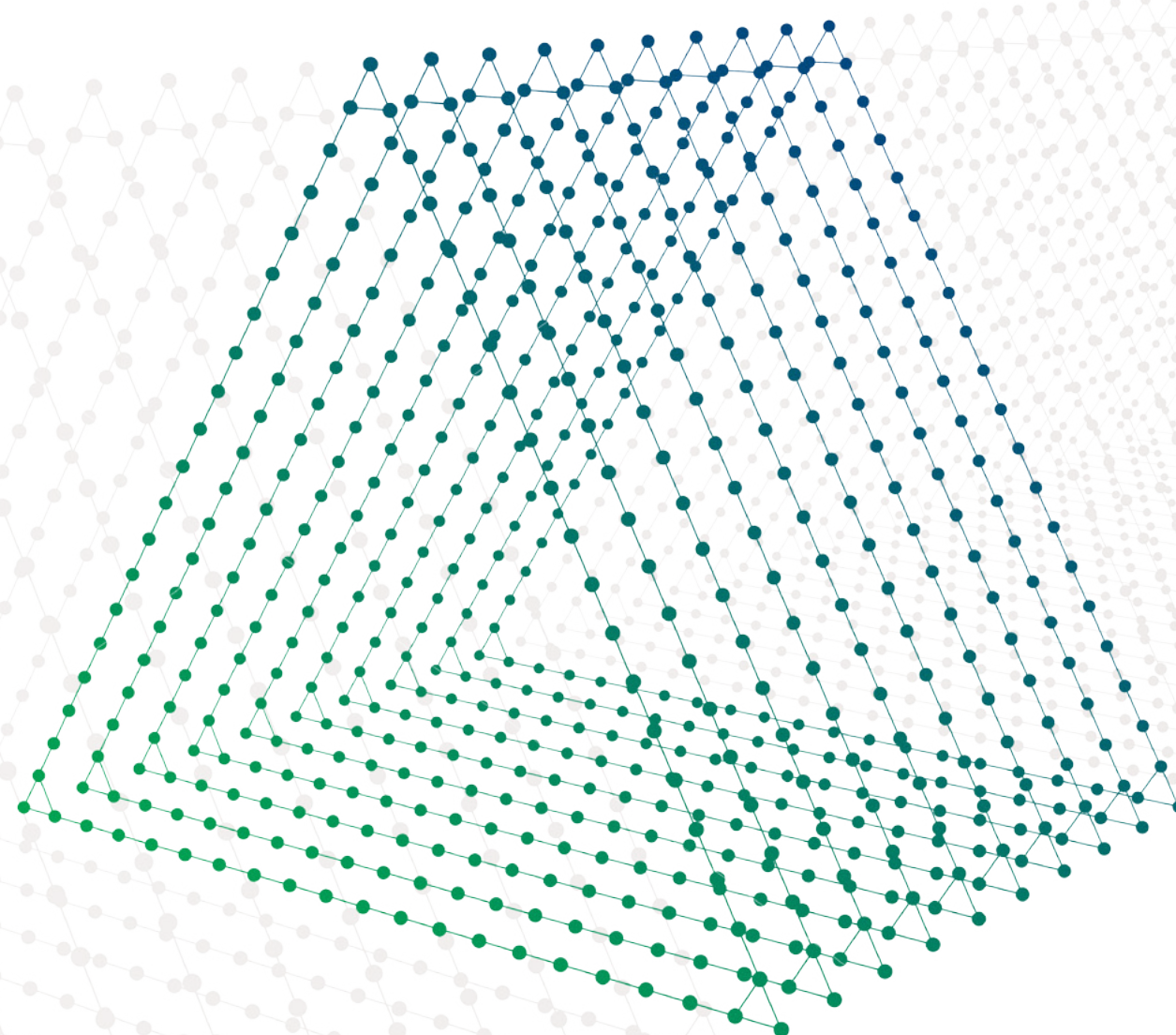
Through imagination considering the humankind first, the Building Works Division has created whole new spaces that will go down in the history.

### PLANT WORKS

The Plant Works Division is performing the composite art which establishes an abundant future by realizing dreams for joyful life of the humankind.

### POWER & ENERGY WORKS

For the power was the starting point of the modernization, the Power & Energy Works Division functions as a driving force which guides the future and the development of the humankind.



## 2016 HYUNDAI ENGINEERING & CONSTRUCTION SUSTAINABILITY REPORT

### CONTENTS

02	Message from the CEO
04	Business at a Glance
08	Sustainable Value Creation - Hyundai E&C Big Picture

### ECONOMIC VALUE CREATION

14

16	Management Philosophy & Vision	22	Creating Sustainable Economic Value
18	Sustainability Management Strategy	24	Expanding Future Growth Businesses
20	Key Sustainability Issues	26	Sound Corporate Governance
		28	Enhancing Ethical Management System
		30	Advancing Risk Management System

### ENVIRONMENTAL VALUE CREATION

32

34	Foundation for Environmental Management	44	Enhancing Core Technology Capability
36	Consolidating Carbon Management System	48	Customer Satisfaction through Innovation
38	Environment-friendly Construction Process		

### SOCIAL VALUE CREATION

50

52	Cultivating Global Talents	60	Shared Growth with Suppliers
55	Achieving Work-life Balance	64	Creating Shared Value through Social Contribution
58	Strengthening Safety Management System	66	2015 Hyundai E&C Social Contribution Highlights

### APPENDIX

68

69	Financial Performance	74	Third Party Assurance Report
70	Key Sustainability Indicators	76	GRI G4 Index
72	Global Sustainability Partnerships	80	Sustainable Value Creation
73	Greenhouse Gas Verification Statement	81	Major Awards and Accolades / Memberships





## MESSAGE FROM THE CEO



**For standing tall as a leader of the global construction market,  
Hyundai E&C has been attaining splendid feats of change and innovation  
through the sustainability management.**



I am more than willing to express our deepest gratitude to all of you who have shown immense support and encouragement for Hyundai E&C to advance into the global construction leader. In 1947, Hyundai E&C became the first construction company that brightened the first light of the Korean construction industry. Since then, we have advanced along with the national history and persistently expanded the scope of our business areas covering from the establishment of the country's infrastructure to the cutting-edge, future environment-friendly construction.

### Fruits of Sustainability Management

Despite of the prolonged economic stagnation of the domestic and global construction industry, Hyundai E&C has attained outstanding accomplishments by its stable profit-driven management proving the status and power as the global construction leader. Since our first overseas advancement in 1965, we have been writing a new history of the global construction for the past 50 years with our records that are new and unprecedented. Following an achievement in 2013 that the accumulated amount of overseas orders received reached USD 100 billion, Hyundai E&C won overseas orders worth USD 10 billion in 2014 again for three consecutive years. As of May 2016, furthermore, we are the first domestic construction company that succeeded to attain the accumulated amount of overseas orders of USD 120.7 billion recording total 818 overseas orders cumulative. Hyundai E&C is also striving to acquire advancements in the quality aspect; we are continuing to solidify our status in core markets such as the Middle East and Asia without being settled for the past outcomes. On the other hand, in addition, we focus our efforts on penetrating into new markets including Central and South America, sub-Saharan Africa, and Commonwealth of Independent States (CIS) regions.

Hyundai E&C pursues not merely the economic performance but the "Sustainability Management" as the core corporate values. Hence, diverse corporate capabilities have been concentrated on realizing values of the sustainability management such as the transparent ethical management, environment-friendly business operation, shared growth with suppliers, and fulfillment of social responsibility.

Besides, it is thanks to the devotion of each member of Hyundai E&C to be included in the DJSI (Dow Jones Sustainability Index) for six consecutive years as well as to be selected as the Industry Leader of the global construction industry for three consecutive years from 2013 to 2015.

### Stability Management and Innovation of Corporate Culture

The focal point of Hyundai E&C for 2016 is the 'Stability Management' and 'Innovation of Corporate Culture.' It has been said that it has reached the limit for the construction market to achieve a qualitative growth due to the weakened market environment. Accordingly, the only solution to overcome the worsening environment is further stabilizing the business through the selection and concentration and the enhancement of technological capability. By strategically dividing global and domestic markets and thus providing products specially customized for each market, Hyundai E&C implements a strategy of the selection and concentration advancing itself so that all sites of Hyundai E&C can accomplish the qualitative growth. In order to promptly respond to the environment of the construction industry that is becoming capital-intensive, moreover, Hyundai E&C will actively enter new high value-added businesses through the improved capability in finance, investment and development, and engineering.

We will also accomplish the innovation within the organization by reestablishing the corporate culture of our own that is differentiated from competitors. Hence, Hyundai E&C will be able to further consolidate the foothold to continuously take challenging leaps.

Please take an affectionate note of Hyundai E&C's future steps to realize changes and innovations for developing into a leader of the global construction market.

We are more than grateful for your constant interest and support as the companions of Hyundai E&C.

Thank you.

President & CEO of Hyundai E&C | Jung Soo-Hyun

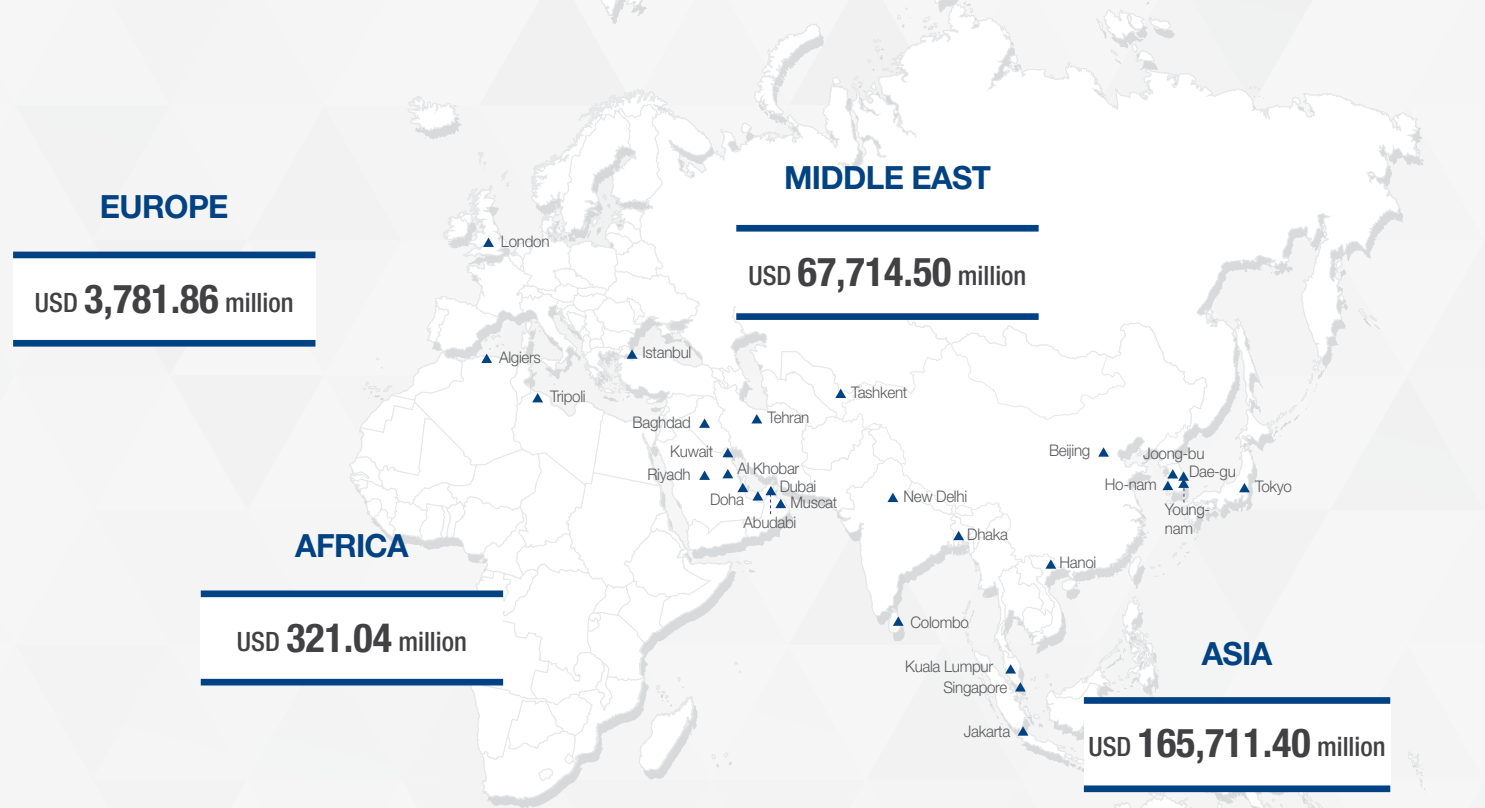




# BUSINESS AT A GLANCE

## COMPANY PROFILE & BUSINESS PORTFOLIO

Hyundai E&C has opened a new era of the global integrated engineering around the globe with its advanced technology and business execution ability widely proven. Based on a firm business foundation in the Middle East and Asia that has been established since our first overseas project in 1965, we have taken a substantial leap as a promising and competitive company expanding the business into markets in Latin America, Africa, and Commonwealth of Independent States (CIS). As of May 2016, total 5,457 employees are working at the headquarters, 4 domestic and 27 overseas branches, and 175 domestic and 77 overseas sites.



## INFRA & ENVIRONMENT WORKS



### Hyundai E&C will challenge the infinite possibility in the world.

With the top-notch technology and abundant experiences accumulated for the past 69 years, the Infra & Environment Works Division has significantly contributed to the economic development of diverse nations by successfully executing land development, port, rail way, road and bridge, water resource, and environmental projects. Aiming to accomplish a vision to generate new values for life of the humankind, we will develop into a Core Infra Solution Leader who provides the core infra construction through the differentiated and advanced technology.

## BUILDING WORKS



### Hyundai E&C will realize a future space that is at the forefront of the era.

The Building Works Division is turning imaginary cutting-edge space where the humankind, information, the environment, and technology coexist into the reality through its immense creativity and imagination. As we construct representative landmarks in various countries, our outstanding technology and business execution ability have been highly valued, The Building Works Division will persistently grow into a Constructor & Developer that leads the construction culture by diffusing business contents into the world, such as not only residential, commercial, medical, business, educational, and cultural buildings but also environment-friendly green building and Mega Projects.



— Orders Received by Region,  
Accumulated

▲ Domestic and Overseas Branches  
& Offices

## Key Financial Performance in 2015

\* Credit rating from Korea Ratings Corporation,  
NICE Information Service, and Korea Investors Service

Order Backlog **KRW 67,016.6 billion**

Revenue **KRW 19,122.1 billion**

Operating Income **KRW 986.6 billion**

Credit Rating\* **AA-**

### Hyundai E&C will lead the global plant market with the accumulated technology and experiences.

Based on performances accumulated in overseas markets as well as advanced technical staffs and know-hows, the Plant Works Division's differentiated technology has been recognized through its business of building global mega-scale petrochemical, gas, and refinery plants. As the prominent player of the global plant market, we will become a market leader through our indomitable will penetrating into new high value-added markets and diversifying the business portfolio.

## PLANT WORKS



### Hyundai E&C will stand at the forefront of establishing the global energy network.

Through its substantial technological capability that has been highly valued by the world, the Power & Energy Works Division has been leading various power generation markets, such as power transmission and industrial electricity that are the base of the future environmental energy network. We will target emerging markets including Latin America, Africa, Southeastern Asia, and CIS countries beyond the boundary of the Middle East market, which can be accomplished through the superior construction ability and abundant experiences in power and water plant sectors. Moreover, the Power & Energy Works Division will grow further into a Total Power & Utility Provider by reinforcing the capability to develop renewable energy, the basis of the future society, and to construct green energy network.

## POWER & ENERGY WORKS





# SUSTAINABLE VALUE CREATION

## HYUNDAI E&C BIG PICTURE

The history of Hyundai E&C has accompanied the history of the Korean construction. Hyundai E&C is now writing the history of the world's construction beyond the boundary of Korea. As a global integrated engineering company, Hyundai E&C is delivering sustainable construction products and environment-friendly technology services to challenge to the creation of solutions for international issues that have been intensified due to the global climate change, the population growth, and the scarcity of energy, water, and resource.



▲ Project of Ulsan Grand Bridge and Connecting Roads

HYUNDAI E&C BIG PICTURE 01

2030  
Megatrend Outlooks

HYUNDAI E&C BIG PICTURE 02

Realization of UN SDGs  
through Challenge

HYUNDAI E&C BIG PICTURE 03

Hyundai E&C's  
CSV Model



HYUNDAI E&C BIG PICTURE 01

2030

Megatrend Outlooks

Due to the drastic population growth, the urbanization around the globe has been accelerated while risks caused by the water scarcity are being disseminated. On the other hand, the industrialization in developing countries is posing negative impacts on the energy scarcity and resource depletion of the world. Accordingly, Hyundai E&C defined the urbanization, the water scarcity/pollution, energy & fuel, and the material resource scarcity as the four megatrends of the construction industry. Responding to future changes by analyzing risk/opportunity factors of the megatrends, Hyundai E&C takes big steps to open up a new era of challenge.

MEGATREND 01



Urbanization

CAUSE 01

Population growth and spread of urbanization in developing countries



TREND 01

The number of megacities (population 10+ million) will increase from 20 in 2013 to 37 in 2025.

► McKinsey

MEGATREND 02



Water Scarcity / Pollution

CAUSE 02

Water scarcity caused by population growth, urbanization, and climate change



TREND 02

Estimated global gap between water supply and demand will exceed 40% by 2030 placing increased stress on water and food.

► 2030 Water Resource Group

4 MEGATRENDS  
of Construction Industry

CAUSE IDENTIFICATION

TREND ANALYSIS

MEGATREND 03



Energy & Fuel

CAUSE 03

Increasing global energy demand due to industrialization and urbanization



TREND 03

The world oil production is predicted to increase by 7.39 times from 13 million barrels per day in 2010 to 96 million barrels per day in 2035.

► IEA

MEGATREND 04



Material Resource Scarcity

CAUSE 04

Skyrocketing resource demand due to drastic industrialization in developing countries



TREND 04

The amount of minerals, metals, and biomass extracted from the earth will increase by 2.24 times from 37 billion tons in 2010 to 83 billion tons in 2030.

► Nstein

► Reference

2030 Megatrend Outlooks

60%

of the world's population will live in cities.

Increasing Population in Cities

World population to increase by 20%  
60% of world population living in cities

► UN Population Division

1 billion

people will live in areas of water stress.

Intensified Water Stress

1 billion people under water stress  
Annual water demand to increase by 283% against 2005

► OECD / 2030 Water Resource Group

The Sole Earth  
Our World is Trembling Rapidly



TIME TO CHANGE

33%

of primary energy demand is predicted.

Diffusing Energy Scarcity

World's primary energy demand to increase by 33% Net electricity generation to increase by 84% Energy-related GHG emissions to increase by 20%

► IEA

83 billion

tons of industrial resources will be extracted.

Advent of Resource Stress

Amount of resource extracted to increase by 55% Industrial resources extracted to increase to 83 billion tons

► SERI / KPMG

IDENTIFICATION  
OF PROBLEM

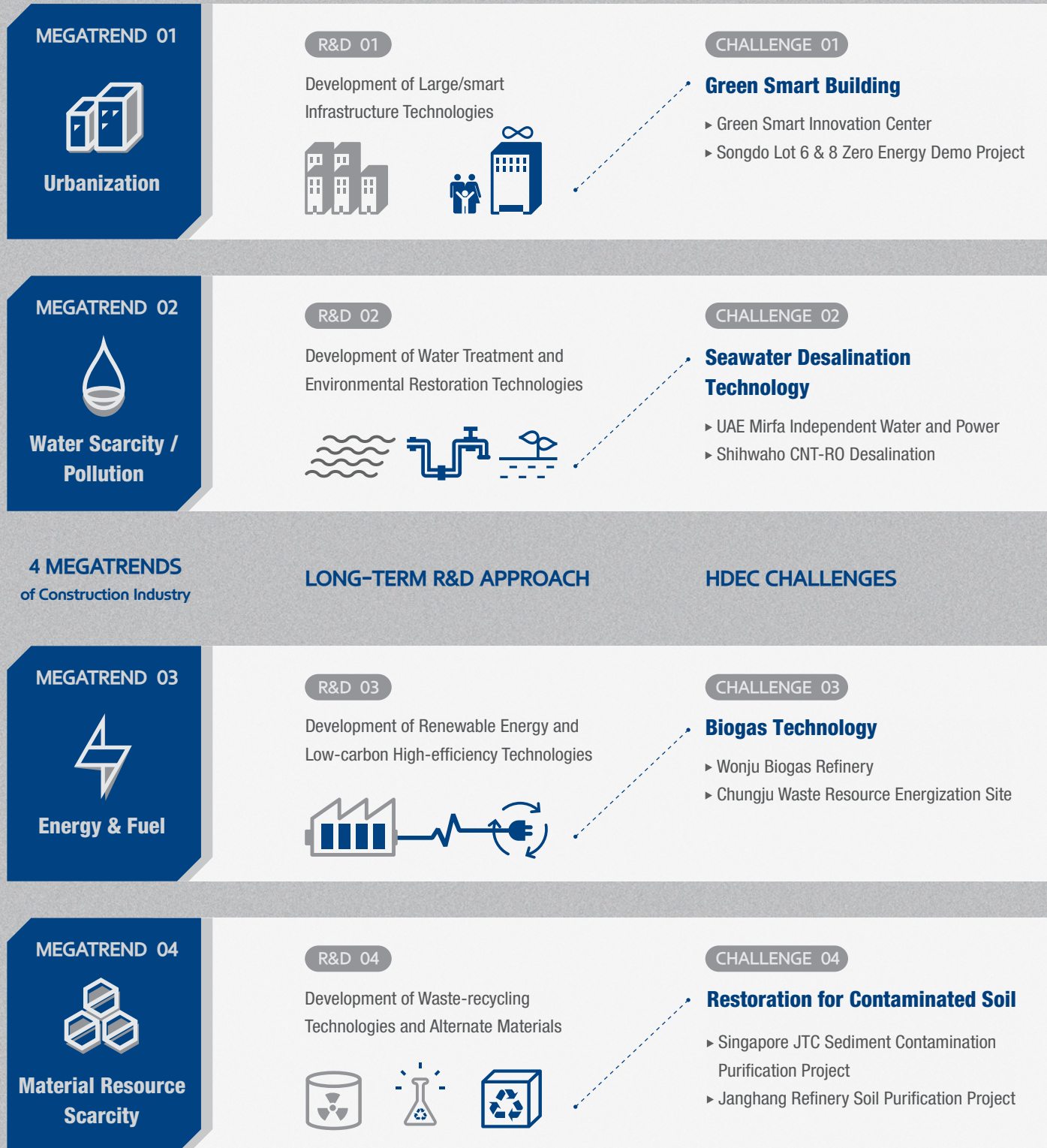
The sustainability of the world has been threatened by the global climate change, the population growth, and the scarcity of energy, water, and resources. For the survival and prosperity of the humankind, prompt changes and efforts are required.



HYUNDAI E&C BIG PICTURE 02

## Realization of UN SDGs through Challenge

Technology is the future and the key to solve of problems the earth is confronted. As a representative global construction company, Hyundai E&C is taking challenging leaps by concentrating its competitive technology and the capability of innovation on providing solutions for up-coming problems. In addition, Hyundai E&C faithfully endorses the Sustainable Development Goals of United Nations (UN) and enthusiastically contributes to the realization of the goals by establishing the four key targets that are closely related to the construction industry.



▶ Site where the technology is applied

### Realization of UN SDGs



### UN SDGs Transforming Our World



### CHALLENGE TO CHANGE

### ADOPTION OF AGENDA

UN Sustainable Development Goals are the global mid- to long-term development plan of the United Nations consisting of total 17 goals. It is being executed in order to solve economic, environmental, and social problems around the globe for the upcoming 15 years, from 2016 to 2030.

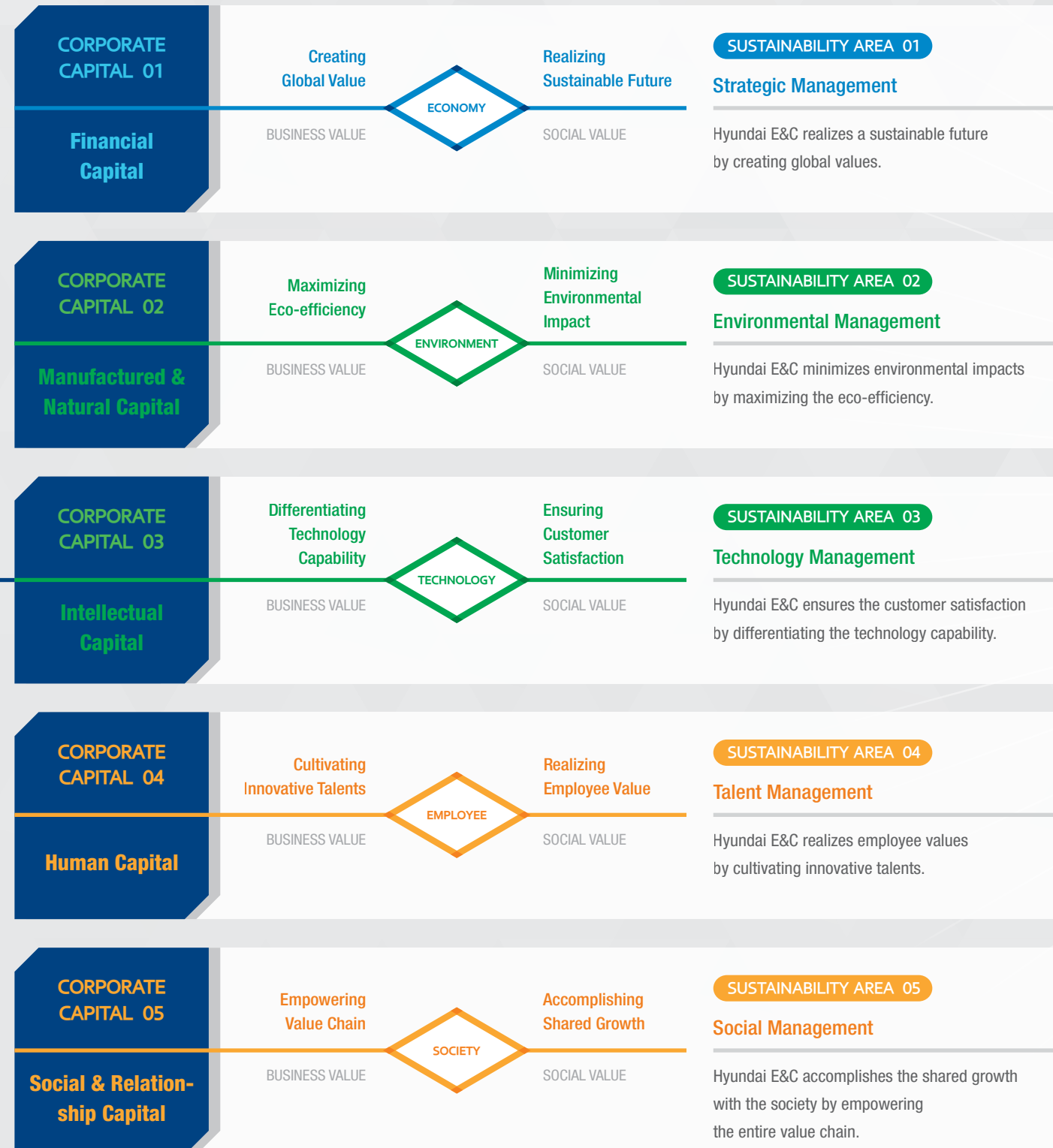


HYUNDAI E&C BIG PICTURE 03

## Hyundai E&C's CSV Model

Hyundai E&C has established five areas of the sustainability for a tomorrow where the company and the society grow together based on the Creating Shared Value (CSV) model that is to pursue the long-term growth of a company and the prosperity of the humankind simultaneously. Hyundai E&C will create a sustainable habitat for human with confidence that it can accomplish everything imaginable, indomitable determination, creative foreknowledge, and challenging spirit.

※ Creating Shared Value (CSV): The management principle by which economic value and social value are created simultaneously by accepting the demands of the society and solving problems.



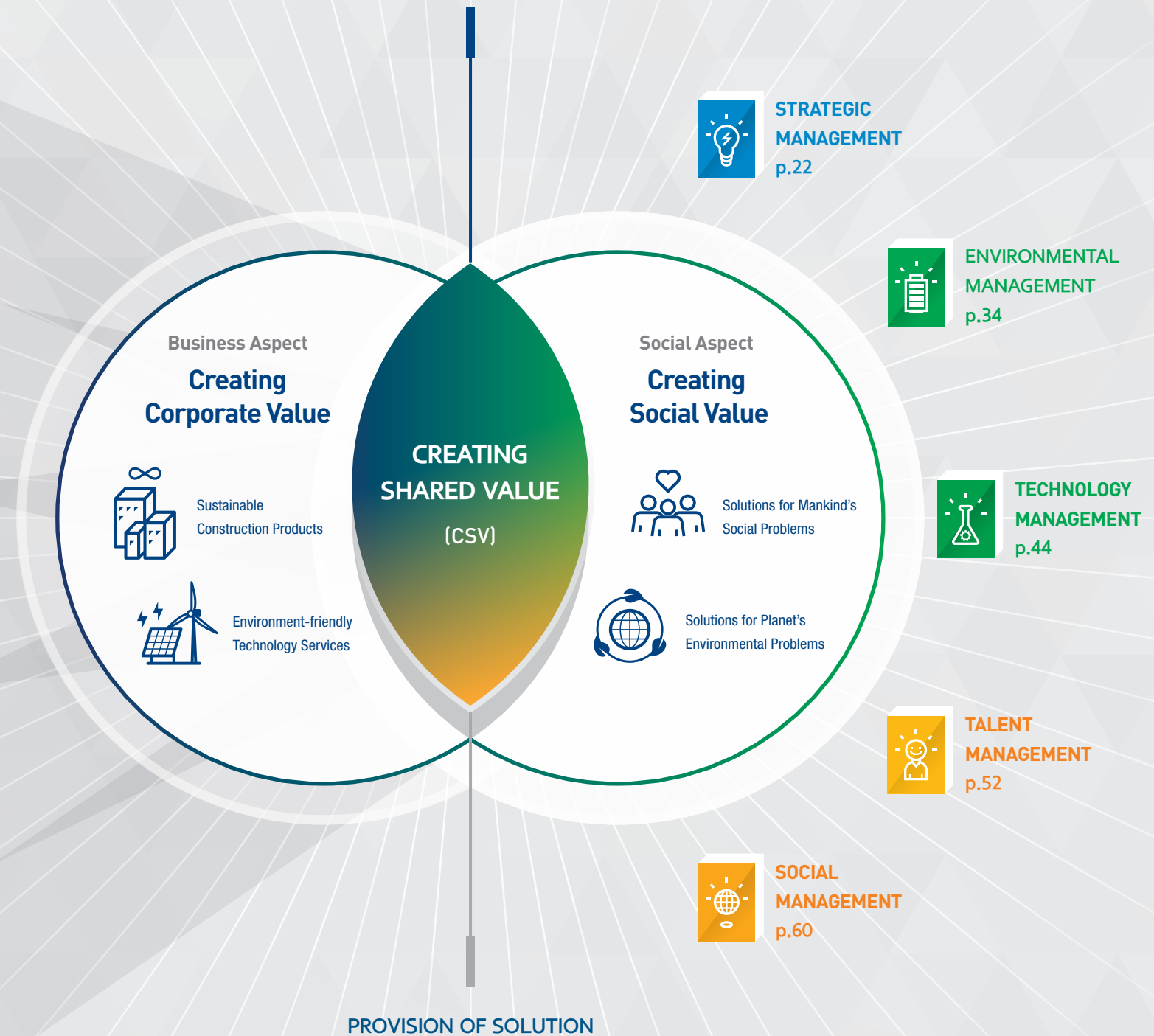
CAPITAL AREAS

CREATING SHARED VALUE (CSV) MODEL

SUSTAINABILITY AREAS / DMA

### Hyundai E&C Sustainability Mission

## Creating Sustainable Habitat for Human



Backed by the indomitable challenging spirit, Hyundai E&C provides advanced construction products and technology services. Therefore, Hyundai E&C, as a sustainable global integrated engineering company, provides solutions for environmental/social problems of the world.



# ECONOMIC VALUE CREATION

## MANAGEMENT & STRATEGY

The world has been a stage for Hyundai E&C to realize its dreams as well as a land of infinite possibility. We are delivering sustainable values by providing environment-friendly products and cutting-edge technological services based on our differentiated technology. In addition, we have been doing the best to establish a sustainable habitat for the humankind while pioneering the construction history with the corporate spirit of a 'creative challenge.'



▲ Hamad Medical City, Qatar





# Management Philosophy & Vision

Generating  
Corporate Value  
BUSINESS VALUE

Creating  
Social Value  
SOCIAL VALUE

web <http://en.hdec.kr/EN/Company/IntroVision.aspx>

## The Group's Management Philosophy

Based on the Group's management philosophy, "to realize the dream of humanity by creating a new future through creative thinking and endless challenges," Hyundai E&C is growing into a global leading construction company through creative perspective, positive thinking, and unwavering drive.

### Unlimited Sense of Responsibility

- Strive for the business's continuous growth in order to take the responsibility for our employees and their families as well
- Seek the highest quality to unlimitedly take the responsibility for our customers' happiness and safety

### Realization of Possibilities

- Engrain a DNA of pursuing the unlimited growth and development
- Refuse to stay comfortable or complacent, yet have an entrepreneurial spirit to take the risk of failure and pioneer new business areas
- Realize even the smallest possibility into a reality and create a fundamental, added value

### Respect for Mankind

- Provide the best-quality products and services to as many people as possible and contribute to the development of human society's overall standard of living
- Proactively respond to environmental issues and participate in philanthropic activities to contribute to the world's local communities

Together  
for a Better Future

SLOGAN OF GROUP VISION

## The Group's Core Values

For accomplishing the Group's vision through the Success DNA inherent of the Hyundai Motor Group, Hyundai E&C pursues the five core values as standards of their action and decision making.

We have continuously stepped forward as a global construction company by accomplishing challenges and cooperation through the sharing and internalization of the core values and by reinforcing the creative corporate culture that respects customers and employees.

### 01 Customer

We promote a customer-driven corporate culture by providing best quality and impeccable service with all values centered on our customers.



### 03 Collaboration

We create synergy through a sense of 'togetherness' that is fostered by mutual communication and cooperation within the company and with our business partners.



### 05 Globality

We respect the diversity of cultures and customs, aspire to be the world's best at what we do, and strive to become a respected global corporate citizen.



### 02 Challenge

We refuse to be complacent, embrace every opportunity for greater challenge, and are confident in achieving our goals with unwavering passion and ingenious thinking.

### 04 People

We believe the future of our organization lied in the hearts and capabilities of individual members, and will help them develop their potential by creating a corporate culture that respects talent.



ECONOMIC  
VALUE CREATION

ENVIRONMENTAL  
VALUE CREATION

SOCIAL  
VALUE CREATION

APPENDIX

2016 HYUNDAI E&C  
SUSTAINABILITY REPORT

## MANAGEMENT & STRATEGY

In spite of the era and environment constantly changing, the spirit of Hyundai E&C has continued for 69 years as a firm foundation of the corporate competitiveness. Based on our spirit for a 'creative challenge,' we write a new construction history fulfilling the responsibility for the world and the humankind as the global integrated construction company.

## We Build Tomorrow

For the vision of 'as a global leading provider of high-value engineering solutions, we will create the foundation for a better life through cross-business synergy and convergence with future technologies,' Hyundai E&C has endeavored to generate the best values through the harmonious and sustainable growth with stakeholders.

## Hyundai E&C's Three Strategic Directions

Striving to realize the future vision, Hyundai E&C has defined the three strategic directions of 'diversification of business structure,' 'entering new growth businesses,' and 'globalization of management infrastructure.' Under the slogan of 'new challenge to develop into a global construction leader,' in addition, business plans for 2016 has been newly established: building business foundation for a future growth, strengthening global business competencies, advancement of risk management system. Hence, we are successfully intensifying our capability for the global business.

We Build Tomorrow

SLOGAN OF HYUNDAI E&C VISION

## Hyundai E&C's Vision

### As a Global Leading Provider of High-value Engineering Solutions

- Provide integrated construction services and diversify types of overseas contracts
- Establish an optimized management infrastructure

### Through Cross-business Synergy

- Prepare the basis for sustainable growth
- Enhance partnerships with relevant industries to expand business areas

### Convergence with Future Technologies

- Ensure that individual technologies developed in separate work areas are integrated and utilized in new areas to create new growth drivers
- Fulfill the role as a catalyst of new growth businesses

### Create the Foundation for a Better Life

- Value 'people' as a top priority and create a better foundation for a life by having a shared mindset with customers
- Grow together with all stakeholders and contribute to the society

# Sustainability Management Strategy

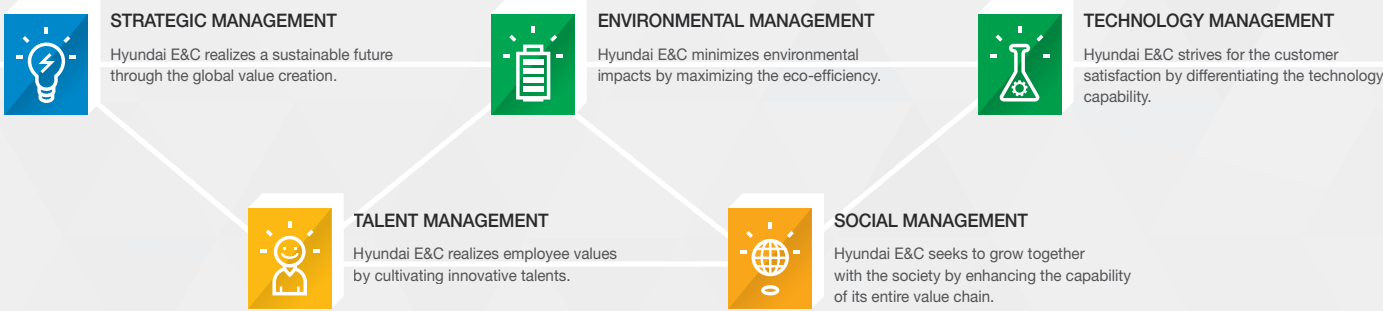
## MANAGEMENT & STRATEGY

In order to build the sustainable future, Hyundai E&C has been implementing the sustainability management by establishing the system based on the Creating Shared Value (CSV) model and set long-term sustainability management goals and Key Performance Indicators (KPIs) for 2018. Through diverse communications channels, furthermore, opinions of stakeholders are actively gathered and reflected to the corporate management.



## HYUNDAI E&C Sustainability Management

**HYUNDAI E&C Sustainability Strategy** The world is being confronted with a range of factors such as the global climate change, change of world demographics, and intensifying energy/resource depletion which are leading to the most severe challenge ever in the human history. As a global construction company, Hyundai E&C aims to improve the sustainability of the world and the humankind by providing a 'Sustainable Habitat for Human' through its sustainable construction products and environment-friendly construction technology. In May 2014, therefore, we established the sustainability management strategy based on the Creating Shared Value (CSV) model for the first in the global construction industry. Also, the corporate-wide sustainability management is being actively promoted mainly by the Sustainability Management Work Council in the five sustainability areas: strategic management, environmental management, technology management, talent management, and social management.



**Organization for Sustainability Management** Founded the Sustainability Management Work Council, Hyundai E&C has been delivering the corporate-wide sustainability management with various activities including a megatrend analysis to identify sustainability management strategy, materiality test, and review of sustainability management improvement tasks by areas. We will continue striving to create a better future with internal and external stakeholders through the internalization and advancement of the sustainability management.

## Hyundai E&C Takes a Lead of the Global Construction Industry as the Representative Sustainable Company

### Selected as the Industry Leader of Global Construction Industry for Three Consecutive Years

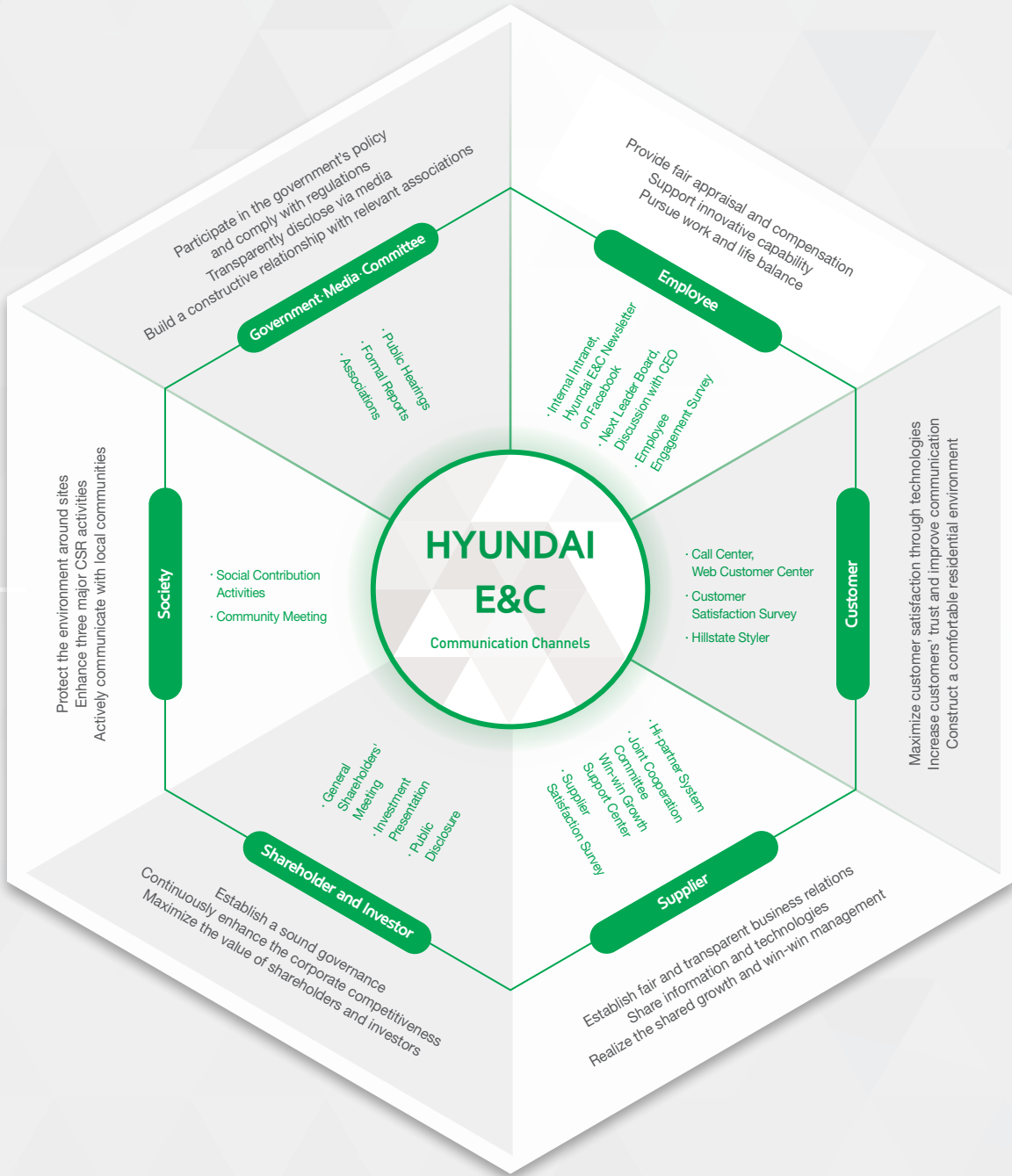
In the Dow Jones Sustainability Index (DJSI), the most authoritative sustainability index in the world, Hyundai E&C was honored to be selected as the Industry Leader of the Construction & Engineering Industry in 2015, following 2014 and 2013. It is the first in the global construction industry for a company to become the Industry Leader for three consecutive years. This meaningful achievement is proving that the corporate value of Hyundai E&C as the global No. 1 construction company has been highly recognized. The DJSI is the investment index developed by Dow Jones, the largest financial information company, and RobecoSAM, a Swiss assessment company. It annually evaluates the economic, environmental, and social sustainability of the top 2,500 companies in market capitalization by industries and thus announces the evaluation result. The DJSI, therefore, has demonstrated the competitiveness of Hyundai E&C is substantially competitive in the industry. It is expected to contribute to securing the liquidity and penetrating into new markets. Hyundai E&C will persistently fulfill the role and responsibility as the global sustainability leader striving to lead the sustainability management sector.



DJSI Industry Leader

## Stakeholder Engagement

It is essential to understand and communicate with stakeholders in order to realize the sustainable growth and development. Accordingly, we have defined the six major stakeholder groups who can influence the company either directly or indirectly while operating various communications channels for gathering opinions. Likewise, we are generating shared values by distributing economic outcomes to stakeholders in a fair manner.



## Distribution of Stakeholder Interests

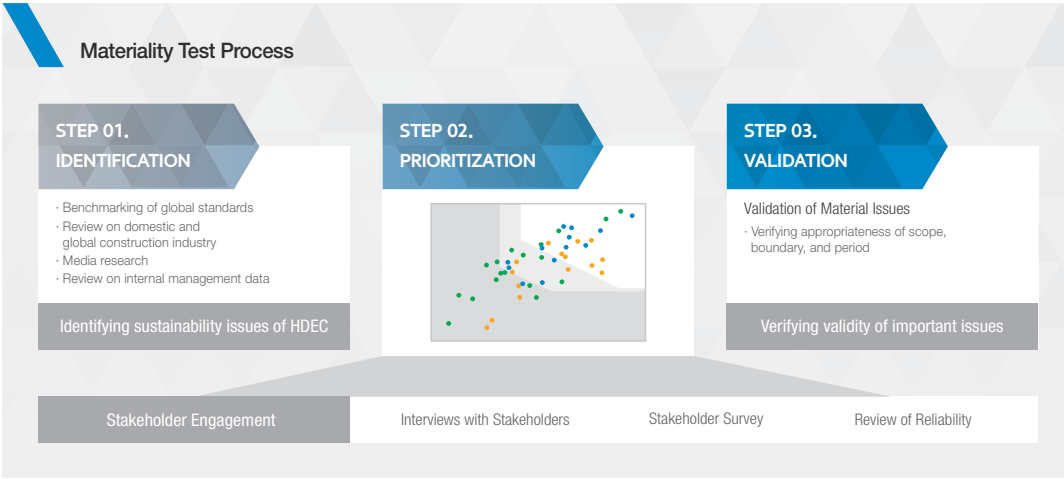
Government	Employees	Suppliers	Local Communities	Shareholders/Investors
Corporate tax payment	Total annual wages	Procurement and subcontracting expenses	Social contribution expenses	Dividends
KRW 214.3 billion	KRW 518.11 billion	KRW 7,182.27 billion	KRW 3.73 billion	KRW 55.73 billion



Key Sustainability Issues

MANAGEMENT & STRATEGY

Hyundai E&C selected key issues affecting the corporate sustainability management in accordance with the international guidelines for sustainability reporting, GRI G4 standards. Additionally, we reflected principles of the inclusiveness, materiality, and responsiveness which AA 1000 standard requires for the accountability of the issue selection process and evaluation result.



STEP 01. IDENTIFICATION

Identification of Sustainability Issues through Internal and External Environment Analysis

PRINCIPLE: Inclusiveness

Hyundai E&C created the sustainability management issue-pool (includes total 286 issues) through the benchmarking of global guidelines, review on the domestic and global construction industry, media research, and review on the internal management data. As a result, we identified total 46 sustainability issues that have a high relevance to the managerial activities of Hyundai E&C.

- Benchmarking of global standards: Conduct benchmarking on key sustainability management trends by analysis on GRI G4, ISO 26000, UNGC, and DJSI
- Review on domestic and global construction industry: Identify material issues in relevant industry by analyzing sustainability issues that domestic and overseas construction companies report
- Media research: Analyze total 4,303 articles that the domestic press reported in 2015 in order to understand the society's expectation for Hyundai E&C
- Review on internal management data: Review the internal management data and interview responsible personnel in order to reflect internally material issues about the managerial environment

STEP 02. PRIORITIZATION

Prioritization of Issues Identified through the Materiality Test

PRINCIPLE: Materiality

Hyundai E&C analyzed the materiality of each issue in aspects of external interest and internal impact by conducting the online survey about the HDEC sustainability issues, which total 3,424 internal and external stakeholders participated in.

Stakeholder Survey

- Purpose: To identify major interests and expectations of various stakeholders
- Period: 14 MAR, 2016 - 23 MAR, 2016 (total 10 days)
- Survey Channel: HDEC website, Hillstate website, Internal Groupware, Email
- Utilization: Establishment of long-term sustainability goals; review on the sustainability management approach; development of the Sustainability Report

STEP 03. VALIDATION

Validation of Material Issues

PRINCIPLE: Responsiveness

Hyundai E&C thoroughly reviewed whether the issues identified have an important influence on the company. Comprehensively considering the validity of issues and their connection to management strategies, we subdivided issues into three categories: 20 core sustainability issues, 30 material issues, and general issues. In planning this report, we focused mainly on the 20 core sustainability issues that have the highest importance. Also, we endeavored to guarantee our stakeholders' right to know by including material and general issues.



Key Issues

Strategy & Agenda		GRI G4 Aspect	Sustainability Issues
	STRATEGY Sustainability Management	Strategy and Analysis*, Organizational Profile*, Identified Material Aspects and Boundaries*, Stakeholder Engagement*	1 Long-term corporate vision, 4 Sustainability management, Sustainability management system, Stakeholder engagement, Distribution of stakeholder interests, Materiality test
	AGENDA 01 Strategic Management	Governance*, Ethics and Integrity*, Economic Performance, Indirect Economic Impacts	5 Creation of economic outcome, 7 Risk management, 8 Fostering new growth business, 11 Diversification of business abroad, 13 Business ethics, 20 Fair trade, 21 Law compliance, 28 Stable portfolio, 29 Value-creation process, 30 Sound corporate governance, 34 Local law compliance
	AGENDA 02 Environmental Management	Materials, Energy, Water, Biodiversity, Emissions, Effluents and Waste	19 Environmental management system, 23 Preventing environmental pollution, 24 Minimizing environmental impact, 31 GHG, 35 Energy, 36 Waste, 37 Response to climate change, 40 Resource efficiency, 42 Water, 43 Equipment/transportation, 46 Biodiversity
	AGENDA 03 Technology Management	Products and Services, Marketing Communications, Customer Privacy	2 Core technology secured, 3 Customer satisfaction, 10 Environment-friendly R&D, 25 Low carbon&resource-efficient technology, 26 Customer awareness, 33 Privacy protection, 39 Products and services
	AGENDA 04 Talent Management	Employment, Labor/Management Relations, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunity, Equal Remuneration for Women and Men	6 Development of human resource, 9 Safety management, 12 Appraisal and compensation, 14 Employee benefits, 15 Work-life balance, 18 Labor practice, 22 Equal opportunity, 32 Human right protection
	AGENDA 05 Social Management	Supplier, Local Communities	16 Sustainability in supply chain, 17 Supplier evaluation, 27 Global value chain, 38 Education and supports in supply chain, 41 Social contribution, 44 Engaging with local communities, 45 Employee volunteer activities



# Creating Sustainable Economic Value

## MANAGEMENT & STRATEGY

Hyundai E&C has been building a sustainable future in the entire world far beyond the boundary of Korea through its stable business model and corporate competitiveness highly recognized. We generate economic values by innovating cost and advancing processes based on our premium technology. Hence, we have been able to consolidate a sound foundation for the sustainable growth.



## Enhancement of Global Competitiveness

**Expansion of Global Markets** Since the first overseas project in 1965 to construct Pattani-Narathiwat Highway in Thailand, Hyundai E&C has been writing a new history of the global construction renewing the first and best records for about past 50 years; in 2010, we won overseas orders worth more than USD 10 billion for the first among domestic construction companies. Following the achievement to receive overseas orders of which the total amount accumulated exceeded USD 100 billion in 2013, we also achieved a record of receiving overseas orders worth more than USD 10 billion in 2014 again for three consecutive years. With these substantial performances, Hyundai E&C is constantly taking a challenging step forward to the world. As of May 2016, we have received a total of 818 orders (cumulative) accomplishing USD 120.7 billion in the accumulated amount of overseas orders, which is the first fruit attained by a Korean construction company. Hyundai E&C has been pioneering the 'Construction Korea' based on outstanding technologies, abundant experiences, and strong trust of customers executing projects in 59 countries including not only Asia and the Middle East but also Africa, Latin America, Commonwealth of Independent States (CIS), and North America. We will stand tall as a leader of the global market by winning more abroad projects through improved business portfolio.

**Advancement of Global Recognition** 'Engineering News-Records (ENR, United States),' the worldwide renowned engineering and construction magazine, nominated Hyundai E&C for the 14th on 'Top 250 International Contractors 2015' proving Hyundai E&C's capability as outstanding as other global preeminent companies; it is also the highest rank among domestic construction companies. The accomplishment is highly valued for it is the result of Hyundai E&C's efforts to diversify business portfolios and actively expand overseas markets for developing into the global leading company without remaining as the Korea's No. 1.

**Global Technological Capability** The differentiated technological capability of Hyundai E&C has been recognized in not only the domestic but also overseas construction market. In April 2016, our innovate technological capability was highly valued once again with our new technology, which we developed for the first in Korea and was successfully applied to the reclamation construction of Tuas Finger One in Singapore; the new technology, 'Mass concrete curing system reducing temperature crack,' is the 760th new construction technology of the Ministry of Land, Infrastructure and Transport designated in January 2014. It reduces the crack of concrete when placing basic mass concrete and thus secures the quality as well as decreases the construction period. Furthermore, Hyundai E&C won an order of a 'Demonstration Project to Clean Heavy-metal-contaminated Coastal Soil' placed by Jurong Town Corporation (JTC) of Singapore. It will lead us to receive more of cleaning projects for contaminated soil throughout Singapore as well as dominate an advantageous status in the Southeast Asian market that is expected to grow largely. We are also striving to take a challenging leap as a global construction leader by establishing an Urban System Center and promoting joint researches with Nanyang Technological University of Singapore.

"Engineering News-Records,"  
US Engineering & Construction  
Magazine

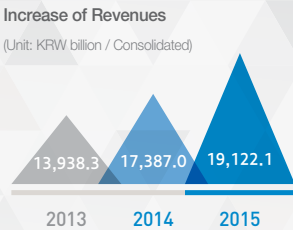


New Technology Developed Solely  
by Hyundai E&C Was Utilized at Site  
in Singapore



## Hyundai E&C is Advancing as the Global Construction Company Achieving Compelling Performances

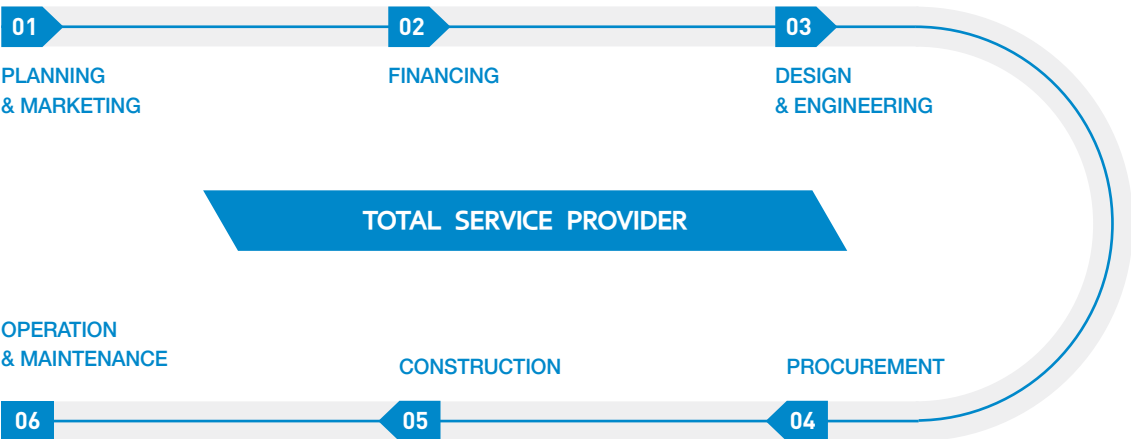
Hyundai E&C has proved its potential as the Global Top-tier construction company by generating momentous performances through the profit-driven management in spite of the prolonged economic recession in domestic and international markets. The revenues of Hyundai E&C, which was KRW 13,938.3 billion in 2013 and KRW 17,387 billion in 2014, drastically increased to KRW 19,122.1 billion in 2015 (consolidated). We could attain this achievement thanks to our devotion to improving the profitability as well as realizing the external development, such as increasing revenues from overseas mega-scale projects and continuously innovating the cost. In 2016, we are promoting our own redevelopment/reconstruction business in Korea with an aim to receive new orders worth of KRW 27,330 billion and record revenues of KRW 19,200 billion (consolidated). Therefore, we will endeavor to retain the constant increase in revenues by winning more overseas orders through the 'selection and concentration' and market diversification strategies.



## Business Strategy

As the market environment around the globe swiftly changes, the role of a Total Service Provider is increasingly required to provide the future-oriented integrated service throughout the entire value chain of the construction industry, including business planning, financing, engineering, procurement, construction, and operation & maintenance. Accordingly, we have met needs of customers by advancing the business model through our outstanding technology and abundant business experiences accumulated during 818 projects in 59 different countries. We have also penetrated into high value-added businesses such as the pre-con service and construction management and thus generated diverse values developing into the global integrated engineering company.

### HDEC Business Model



**Planning & Marketing** Hyundai E&C establishes the best integrated solutions within the budget, such as guaranteeing the highest quality, observing the construction schedule, and securing the safety, through the cost minimization and profit maximization by conducting a strict review. Moreover, the best values are being generated by Hyundai E&C throughout the entire life cycle of the construction industry: selecting an optimized location, reviewing the return on investment (ROI), reviewing construction methods and materials, planning the procurement of equipment and human resources, and analyzing environmental impacts.

**Financing** Financing experts of Hyundai E&C thoroughly analyzes risks of all business processes and presents a financial structure and conditions while supporting to secure finances based on the stable credibility of the company.

**Design & Engineering** We provide optimized design and engineering solutions by predicting all stages from the early designing stage to construction and operation stages based on our balanced business portfolio and experiences accumulated for 69 years.

**Procurement** Hyundai E&C has established the global procurement system and found appropriate local suppliers while signing partnerships with material and equipment suppliers and acquiring procurement experts. Consequently, the efficiency in the procurement has been maximized. Especially, we offer the best material and service in a proper time through an IT system that identifies, evaluates, and manages capable suppliers in each country.

**Construction** The impeccable construction is the most crucial factor of a successful business. Through the constant technology development and cultivation of human resources, Hyundai E&C provides the best quality to its customers applying solutions optimized for on-site condition.

**Operation & Maintenance** We have accumulated business experiences in various areas such as complex building, transportational infrastructure, environmental plant, and power plant; Hyundai E&C is striving to offer the Operating and Maintenance (O&M) service of the world's best level in these areas.



# Expanding Future Growth Businesses

## MANAGEMENT & STRATEGY

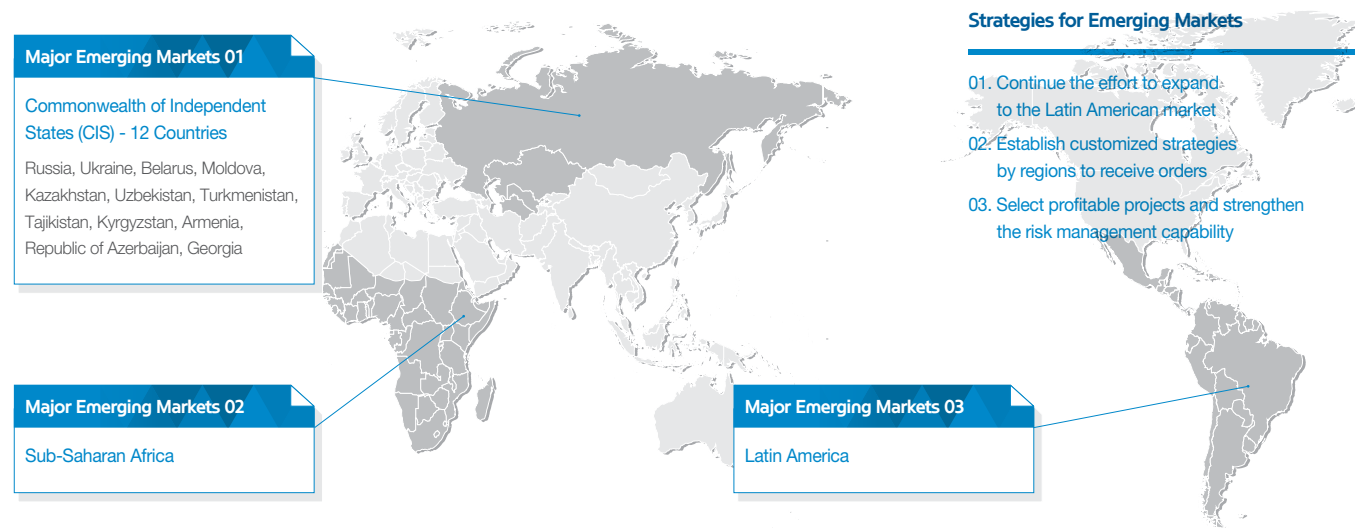
For a sustainable, long-term growth, Hyundai E&C is targeting emerging markets including Africa, Latin America, and Eastern Europe while maintaining its strong foothold in the Middle Eastern market. In addition, efforts have been concentrated on expanding the business foundation through the identification of new growth business such as smart home and reinforcement of the global value chain.



## Penetration into Emerging Market

**Strategy for Emerging Market** The market diversification strategy is necessary in order to flexibly respond to the global market environment that is drastically changing. Hyundai E&C, accordingly, has endeavored to expand its target markets in emerging countries defining Latin America, sub-Saharan Africa, and Commonwealth of Independent States (CIS) as major emerging markets with an aim to acquire business experience in every country. Through advanced technology and rich experiences, we successfully entered the construction markets of Chile, Uzbekistan, and Netherland in 2014. Moreover, we actively expanded the overseas business to not only emerging countries but also European advanced countries. Likewise, we have advanced and turned the Project Risk Management (PRM) Team into the PRM Sub-Division building a global risk management system in order to proactively minimize and prevent business risks that can occur while entering new markets; this efficient risk management system will function as a stable foundation for the sustainable growth by establishing a positive cycle that causes a market expansion, successful business execution, and more business opportunities in the market.

### Strategies for Major Emerging Markets



## Hyundai E&C Greatly Enlarges the Border of Korean Construction through Entering Emerging Market

### Hyundai E&C Opened Up a Gate to South-West Africa in Cote d'Ivoire.

In June 2015, Hyundai E&C held a completion ceremony of the enlargement construction of Azito Power Plant in Cote d'Ivoire of Sub-Saharan Africa. Azito Power Plant worth of KRW 290 billion was the first fruit in the Sub-Saharan African market by Hyundai E&C who has constantly strived to enter the market; the Plant will generate power of 430MW scale that accounts for 25% of the total power supply of the country. Hyundai E&C, successfully opened a gate to the emerging market proving its differentiated construction capability in spite of the poor environment. We will further spread our fame as the first Korean construction company into the entire world by winning additional orders of power and infrastructure sectors in emerging African markets.



Completion of Enlargement Construction of Azito Power Plant in Cote d'Ivoire

**Performance in Emerging Market** Operating total 27 overseas branches and offices around the world, Hyundai E&C has been strived to enhance the competitiveness in receiving overseas orders. Since the foundation of a branch in Bogota, Colombia in 2010, we established branches in Venezuela in 2012 followed by one in Uruguay in 2013 and one in Chile in 2014; we are concentrating our efforts on dominating the construction market in Latin American. As a consequence, we were able to win orders of Puerto La Cruz oil refinery in Venezuela worth USD 3.4 billion, Chacao Bridge in Chile worth USD 648 million, and Bello sewage treatment plant in Colombia worth USD 150 million. Furthermore, we succeeded to penetrate into the CIS region winning the order of a combined cycle power plant in Uzbekistan with a scale of USD 820 million. Hence, the business expansion of Hyundai E&C in emerging markets has been actively accelerated. In 2015, we completed the 'Enlargement Construction of Azito Power Plant' worth of KRW 290 billion in Cote d'Ivoire, Sub-Saharan Africa. The accomplishment proved our competitive execution ability in spite of poor conditions of the site, which further consolidated a foothold for us to expand into new markets in Africa.

## Intensification of Global Value Chain

**Global Value Chain Organization** 27 overseas branches and offices around the world Hyundai E&C is operating are taking significant roles to convey managerial Infrastructure to sites and efficiently connect the headquarters and sites for the successful execution of global business. As the proportion of overseas business has been constantly increasing, likewise, the overseas branches are functioning as the main drivers in identifying local suppliers and managing the overseas supplier pool as well as sites. In addition to using the global network of affiliates and advancing the global organization, Hyundai E&C will establish a systematic infrastructure for overseas business and thus improve the operational efficiency.

**Enhancement of Global Procurement Management** Through the advanced material and subcontract management system (e-Procurement & e-Subcontract System), we have integrated the management of procurement information about bidding, transport, financing, supplier evaluation, contract, and payment. Moreover, responsible procurement personnel have been assigned to Singapore, Dubai, Kuwait, and Doha branches for operating branches and purchasing local materials, office supplies, and safety features required for international business. By doing so, we have contributed to the revenue increase of local suppliers as well as the cost reduction and enforcement of the cost competitiveness. For more expeditious local procurement and reduction of construction period, we developed and have operated a simplified local payment system at overseas sites and branches. Since 2014, moreover, we established the unit price contract program for a simpler procurement process of repetitive purchases at overseas branches improving the work efficiency greatly.

### e-Procurement & e-Subcontract System for Overseas Projects



## Excavation of New Growth Drivers

Hyundai E&C has endeavored to generate actual achievements by business divisions based on a thorough market analysis mainly by the Strategic Planning Group. Moreover, we conduct the constant monitoring on market trends to excavate new growth engines created by social and economic market changes such as the oil price fluctuation, global warming, and aging population while implementing the expansion strategy stage by stage to enter construction-related markets. In 2016, Hyundai E&C will do its best to identify and promote pilot projects for tangible performances through pre-established strategies as well as will endeavor to find optimized solutions that can balance the corporate interest and future growth.

## Hyundai E&C Pioneers an Era of IoT-based IT Smart Home

For an intelligent apartment where residents can enjoy the cutting-edge living environment, Hyundai E&C signed a MOU (Memorandum of Understanding) with SK Telecom in February 2016 to cooperate for smart home service business; the smart home service business is based on Internet of Things (IoT) and combines the smart home platform of SK Telecom with the existing home network service of Hillstate, such as energy management/reduction system, one-touch power saving/security system, and ubiquitous safety system. The Integrated IoT Smart Home Service will be provided to residents who move into Hillstate since the second half of 2016 starting from Seoul and metropolitan areas. Through this MOU, Hyundai E&C became able to realize the up-to-date future living environment through the authentic home IoT for residents as well as to predominate the competitive edge in the market competition of construction and IT industries. We will continue to lead the IT in the housing market with our innovative technology.



MOU Signing Ceremony of Hyundai E&C and SK Telecom



MANAGEMENT & STRATEGY

For the successful and stable business operation based on checks and balance, Hyundai E&C has established a sound corporate governance as a global company. Furthermore, we are striving for generating values of shareholders and stakeholders by intensifying the efficiency and transparency of the Board of Directors.



Board of Directors

**Function and Operation of BoD**\_\_\_\_The Board of Directors is the key body which makes decisions for the company and resolves issues articulated on regulations and the corporate article as well as issues related to the business execution. It also monitors the performance of directors and the management while striving to maximize the corporate value and build trust of stakeholders. Hyundai E&C holds regular and temporary board meetings as well; in 2015, we had total 9 board meetings discussing about 34 agendas including the approval for business with subsidiaries. Information such as Articles of Incorporation, key roles of the BoD, and resolutions are available on Hyundai E&C's website. In addition, we regularly disclose the BoD-related information that we have a duty to publicly report through the Data Analysis, Retrieval and Transfer System (DART) of the Financial Supervisory Service.

**Board Composition and Guarantee of Independence**\_\_\_\_Hyundai E&C operates the Board of Directors (BoD) that is composed of total seven members: one executive director, two other directors, and four outside directors. Moreover, it is chaired by the CEO because of the characteristic of the construction industry that requires a prompt decision making for sites located around the globe. In addition to this, the majority of the Board consists of outside directors while an independent lead director is appointed; as a consequence, the independence of the Board has been further secured. The independent lead director takes a responsibility for monitoring managerial activities of the CEO, mediating conflicts between executive and outside directors, and gathering and proposing opinions of outside directors. Outside directors of Hyundai E&C reinforce the transparency and fairness of the corporate management as well as provide advices and expert knowledge to contribute to making important decisions of the company. Additionally, they faithfully fulfill their duties as advisors and facilitators by objectively monitoring management activities. Subject to relevant laws including the commercial law, outside directors are independent from corporate bodies such as the management. On the other hand, Hyundai E&C has been doing its best to assist the efficient execution of outside directors' duties by regularly inviting them to domestic and overseas sites as well as by providing work-related information required.

Current Status of the Board of Directors

(As of MAY 2016)

Position	Name	Type	Recommender	Principal Work Experience
Executive Director	Jung Soo-Hyun	Standing	Board of Directors	(current) CEO & President, Hyundai E&C (former) CEO & President, Hyundai AMCO
Other Director	Chung Mong-Koo	Non-standing		(current) Chairman, Hyundai Motor
	Kim Yong-Hwan	Non-standing		(current) Vice-president, Hyundai Motor
Outside Director	Shin Hyun-Yoon	Non-standing	Outside Director Nominating Committee	(current) Vice-president, Education and Scholarship at Yonsei Univ. (former) Dean, School of Law at Yonsei Univ.
	Suh Chee-Ho	Non-standing		(current) Professor of Architectural Engineering, Konkuk Univ. (former) Chairman, Architecture Institute of Korea
	Park Sung-Duck	Non-standing		(current) Lawyer, Lee International (former) Inspection Commissioner, the Board of Audit and Inspection of Korea
	Kim Young-Kee	Non-standing		(current) president, Tax&People (former) Director, Research Bureau of National Tax Service

**Nomination and Remuneration of Directors**\_\_\_\_Directors are nominated at the general shareholders' meeting by the recommendation of the Outside Director Nominating Committee in accordance with Hyundai E&C's standards to nominate directors. In recommending and nominating external directors, Hyundai E&C observes qualifications articulated on related regulations such as the commercial law. The Outside Director Nominating Committee recommends candidates who possess expertise and experience in fields such as the law, finance/accounting, and construction regarding the Board diversity and the complementarity of skills. Remuneration of directors includes the severance pay and is provided within the limit that is approved at the general shareholders' meeting on an annual basis; the remuneration status of all directors and the committee of inspection has been disclosed on quarterly/biannual/business reports. In particular, the amount paid and methodology of personal remuneration are publicly reported in a clear and transparent manner when the total amount exceeds KRW 500 million.

Committees under the BoD

Hyundai E&C is currently operating Audit Committee, Outside Director Nominating Committee, and Ethical Management Committee under the BoD for the Board's efficient operation, execution of its duty, and promotion of sustainability management activity. For the independent check and monitoring, moreover, the Articles of Incorporation and regulations of the Board clarify that the key committees shall consist of external directors. Thus, we have guaranteed the independence of the committees.

Current Status of Committees under the BoD

(As of MAY 2016)

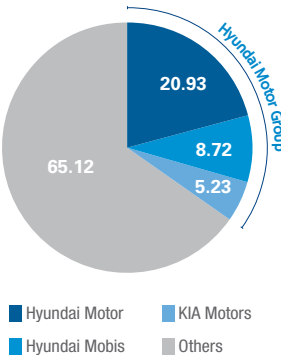
Committee	Composition	Functions
Audit Committee	Chairman Shin Hyun-Yoon + three outside directors	- Audit the legality of business activities carried out by the BoD and the management - Review the integrity and feasibility of the company's financial activities - Review and control the internal audit, appoint external auditor - Summon extraordinary meetings of shareholders
Outside Director Nominating Committee	Chairman Jung Soo-Hyun + four outside directors	- Recommend candidates for outside directors
Ethical Management Committee	Chairman Shin Hyun-Yoon + three outside directors, one executive director	- Deliberate and vote on a deal among affiliate persons defined by the Monopoly Regulation and Fair Trade Act - Ensure the execution of Compliance Program - Deliberate and resolve major policies related to the ethical management and social contribution - Enact and revise ethical regulations such as code of ethics and evaluate the compliance - Select the sustainability vision and strategic tasks

Protection of Shareholder Rights

As the owners of Hyundai E&C, shareholders have a right to attend the general meeting and vote, right to share in the profit, and right to receive significant corporate information in a regular and timely manner as stated on legislations including the commercial law. We observe a principle to preserve shareholders' rights in any cases when a significant change to the existence of the company or shareholder rights, such as adjustment of the Articles of Incorporation, merger or split off, and changes in capital; decisions in these circumstances are made at the general shareholders' meeting. In addition, Hyundai E&C guarantees the right to know of shareholders by disclosing key managerial information in an explicit and prompt manner through various channels: the corporate disclosure system, website, and general shareholders' meeting.

Major Shareholders

(Unit: % / As of DEC 31, 2015)





# Enhancing Ethical Management System

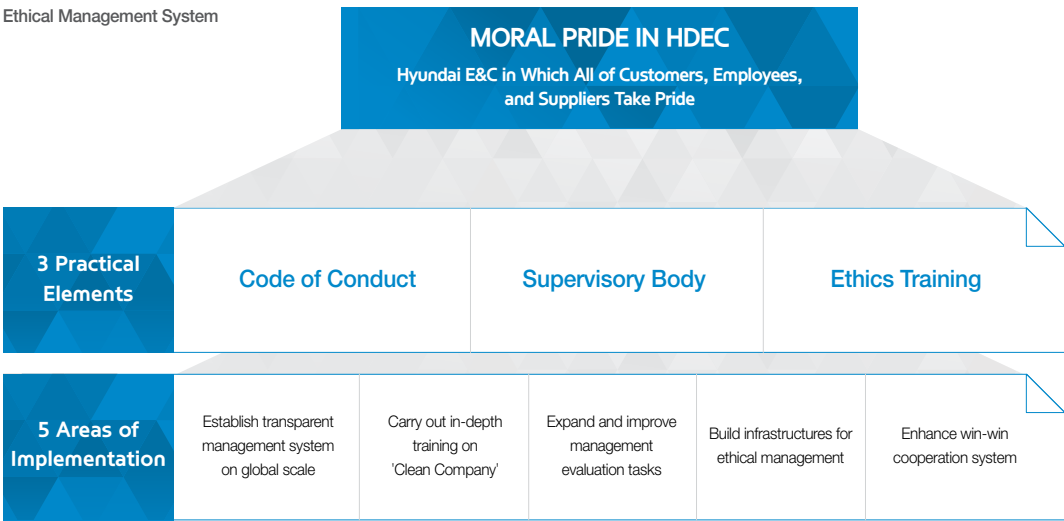
## MANAGEMENT & STRATEGY

Hyundai E&C, as a responsible corporate citizen, has been striving for attaining trust of stakeholders through the ethical management and compliance. Hence, we are standing at the forefront in consolidating the advanced ethical corporate culture by continuously enhancing policies for the ethical management as well as promoting diverse activities.



## Ethical Management Policy and System

In order to share the vision of the ethical management with all shareholders including employees and to disseminate the ethical corporate culture, we enacted the HDEC Green CSR Declaration in 2009; the Declaration is applied to not only all employees but also affiliates and suppliers of Hyundai E&C. Furthermore, we are reflecting diverse requirements of stakeholders and industrial trends that are swiftly changing by conducting regular reviews.



## Activity for Ethical Management

**Ethical Management Survey**\_\_\_\_Since 2015, Hyundai E&C has implemented an annual ethical management survey for all employees aiming to assess the corporate awareness of the ethical management and to establish appropriate directions. The survey is conducted for 4 sections: ethical management policy, code of ethics and guidelines, report of unethical behavior, and ethical training/campaign. The survey result is applied to the improvement activity for settling the proper ethical management culture.

**Ethical Management Education and Campaign**\_\_\_\_In addition to establishing the mid- to long-term implementation plan for the ethical management in 2014, Hyundai E&C has intensified the pledge, education, and campaign for the consolidation of the ethical management at the corporate level. Therefore, we have implemented the complementary ethical management education for all employees including the CEO and the top management while requiring all employees to pledge to deliver the ethical management every year. Also, the ethical management Q&As are posted on the message board of the groupware sharing cases applicable to actual works and assisting employees to realize the ethical management.

## Performance of Ethical Management in 2015

Type	Course	Trainee	Number of Trainees
Corporate-wide Education	Online ethical management education	All employees	4,425 persons
	Mandatory education about fair trade/ethical management (twice)	Responsible personnel of procurement and general affairs, etc.	83 persons
	Education to prevent unfair inside trade	Responsible personnel of procurement and general affairs, etc.	100 persons
Education by Offices	Education about labeling and advertising	Housing sales managers	19 persons
	Education about ethical management	New employees	170 persons
	Comprehensive education about fair trade	New employees	170 persons
	Education about fair trade/ethical management (twice)	Employees who return from overseas sites	60 persons
	Education about fair trade system (twice)	Employees who desire to participate	73 persons
Education for Suppliers	Ethical management education for suppliers (three times)	Site managers of suppliers	150 persons

**Cyber Audit Office**\_\_\_\_By operating the Cyber Audit Office, we provide online educations about Code of Ethics and relevant policies, receive reports about unethical behaviors, and accept requests to improve the system; reports and requests submitted to the Cyber Audit Office are being processed in a transparent manner. Additionally, the Cyber Audit Office provides service in English as well while international hotlines for each country are being operated for encouraging reports from overseas sites. All reports are non-disclosed so that the informant's identity and confidentiality are strictly protected. In 2016, Hyundai E&C will do its best to settle the transparent ethical management by advancing menus and functions of the Cyber Audit Office for the convenience of users as well as by further expanding the scope of reports.

## Intensification of Autonomous Compliance Program for Fair Trade

For consolidating a culture for the fair and transparent trade, Hyundai E&C is operating an autonomous compliance program as a standard for the internal control. In order to internalize the employees' autonomous awareness of the fair trade compliance, we increased the number of preventive educations implemented from 6 cases of 2014 to 9 cases in 2015. Also, recent fair trade issues and explicit behavioral standards for complying with fair trade regulations have been spread through the internal message board. In May 2015, especially, 'Antitrust Policy of Hyundai Engineering & Construction' was enacted for Hyundai E&C to proclaim its will to deliver the responsible and sustainable management.

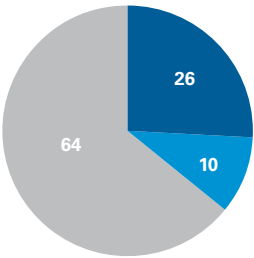
**Establishment of Autonomous Compliance System**\_\_\_\_We regularly hold an Autonomous Compliance Conference and share issues related to internal and external fair trade risks for the systematic operation of the Autonomous Compliance Program for Fair Trade. For instance, trend of fair trade policy and internal risk management measures were discussed at the Autonomous Compliance Conference in April 2015. In particular, we review risks and provide legal supports for a relevant department's fair trade tasks constantly devoting to the prevention of violation.

## Ethical Management Education for Suppliers



## Type of Reports to Cyber Audit Office

(Unit: % / Domestic and overseas)



- Consultation with businesses
- Corruption
- Others (e.g. Consultation with clients)

web Cyber Audit Office  
http://audit.hdec.kr

## 7 Key Components of Compliance Program for Fair Trade

- 01 CEO's Commitment
- 02 Appointment of Supervisors for Autonomous Compliance
- 03 Establishment & Amendment of Autonomous Compliance Handbook
- 04 Training System
- 05 Monitoring & Supervisory System
- 06 Regulations on Any Act of Violation
- 07 Establishment of Documentation System

## Hyundai E&C Takes the Lead in Ethical Management with UN Global Compact

Since 2010 when joined the UN Global Compact, the international agreement for the corporate social responsibility, Hyundai E&C has actively strived to comply with the ten principles of the Compact in four areas: human rights, labor, environment, and anti-corruption. Additionally, we joined 'Fair Player Club' in May 2016, which is the public-private forum for the compliance and business ethics led by the UN Global Compact Network Korea. The current corporate status of compliance and ethical management has been evaluated as well according to international ethical management standards, such as OECD Convention on Combating Bribery of Foreign Public Official in International Business Transactions as well as Bribery Act 2010 of England. Hyundai E&C will continue to fulfil its responsibility and role in a faithful manner to settle the ethical management in the construction industry.

web Fair Player Club [http://www.fairplayerclub.kr/index\\_e.html](http://www.fairplayerclub.kr/index_e.html)





# Advancing Risk Management System

## MANAGEMENT & STRATEGY

Through the integrated risk management, Hyundai E&C is striving for the stable business operation by proactively identifying potential risk factors and preventing risks from occurring. In addition, a systematic analysis about long-term strategic risks is being conducted in order to excavate new opportunities and reflect them to business.



## Intensification of Risk Management Infrastructure

**Organization for Integrated Risk Management**\_\_\_\_Hyundai E&C newly established the Project Risk Management (PRM) Strategy Office to flexibly respond to the domestic and overseas construction environment drastically changing as well as to establish an integrated risk management system. The PRM Strategy Office consists of Risk Management (RM) Planning Team, Order Risk Management (RM) Team, and Execution Risk Management (RM) Team for the inclusive risk management covering the entire project life cycle from receiving orders to executing projects. The PRM Strategy Office will continuously function as a control tower for the integrated risk management.

**IT-based Risk Management System**\_\_\_\_Through the operation of IT-based risk management system, we are efficiently dealing with key information created during the series of processes: risk identification, analysis, evaluation, and response. In addition to the order evaluation management system developed in 2014 for a simpler order evaluation process, we advanced the risk management process and system in order to combine the management of the order receiving and project execution. In 2016, therefore, we plan to complete the establishment of the integrated risk management system.

**Consolidation of Risk Analysis and Assessment System**\_\_\_\_Hyundai E&C has distributed a checklist by project types for all projects since 2013 while conducting a risk assessment by experts for the systematic analysis and management of risk. Assessment results are utilized as basic materials to establish managerial strategies and make decisions for similar projects. Moreover, we introduced an assessment system to reinforce the risk analysis and assessment activities of responsible personnel in 2014 and constantly enhanced relevant systems in 2015. As a consequence, the risk analysis by frontline responsible personnel has been executed from their perspective while the result is being actively reflected to actual management.

**Establishment of Risk Analysis and Assessment System**\_\_\_\_We have a risk reporting system for more prompt and effective response by comprehensively analyzing the seriousness, possibility, and impacts as well as by proactively defining the reporting process and targets according to the analysis result. In 2015, the response system was further intensified by various efforts such as patterning activities to prevent reoccurrence through analysis of failure cases in managing risks. Furthermore, in 2016, we will further advance the pre-established risk management system and thus continuously improve the efficiency in reporting and responding to risks.

## Hyundai E&C's 15 Key Risks

01	Rise of Raw Materials Prices	06	Inability to Qualify with the Global QC Standards	11	Inadequate SCM
02	Currency Volatility	07	Liquidity Crisis	12	Vulnerability in HR Management
03	Intensified Competition	08	Changes in the Global Economy	13	Non-compliance with Laws
04	Failure to Accomplish Management Targets	09	Stagnant Domestic Construction Industry	14	Occupational Accidents
05	Failure of New Projects	10	Political Uncertainties in Foreign Countries	15	Information and Technology Leak

**Enhancement of Risk Response and Reporting System**\_\_\_\_In order to promptly and effectively respond to various risks, Hyundai E&C has defined and managed key risks by conducting a monthly risk analysis with regular scenario mapping. Furthermore, we have consolidated a risk response system where we can immediately react to unusual activities by identifying key risk indicators (KRIs) for each key risk as well as developing a response manual by relevant organizations.

## Risk Matrix

**Corporate Risks**\_\_\_\_For the effective risk response, we comprehensively take account of factors such as business areas, markets to operate business, macroeconomic environment, and characteristics of stakeholders. Hence, we manage and classify risks into three categories: corporate risks, project risks, and long-term strategic risks. A corporate risk is highly significant since it can influence management targets of Hyundai E&C among various risks that Hyundai E&C is exposed to; corporate risks are subdivided into country risks and company & market risks. Country risks include political, sociocultural, and environmental risks that can occur from domestic and overseas external changes and are managed at the corporate level. On the other hand, company & market risks include usual market, business, and financial risks.

**Project Risks**\_\_\_\_A project risk refers to a material risk affecting the achievement of project targets during receiving or executing order. Hyundai E&C conducts a series of activities to increase the possibility to accomplish project targets by thoroughly managing diverse project risks such as engineering risks, measurement risks, and procurement risks that are directly related to projects.

**Long-term Strategic Risks**\_\_\_\_A long-term strategic risk is a material risk which may significantly influence the future business of Hyundai E&C. We have identified the urbanization, water scarcity/environmental pollution, energy/fuel scarcity, and resource depletion as the key megatrends of the construction industry in a long term perspective. Hyundai E&C has devoted its efforts to defining risk/opportunity factors through the future analysis for each megatrend and to integrate it to the business.

Risk Assessment Meeting



Link  
Four Megatrends of Construction Industry  
(p. 6-13)

## Long-term Strategic Risks

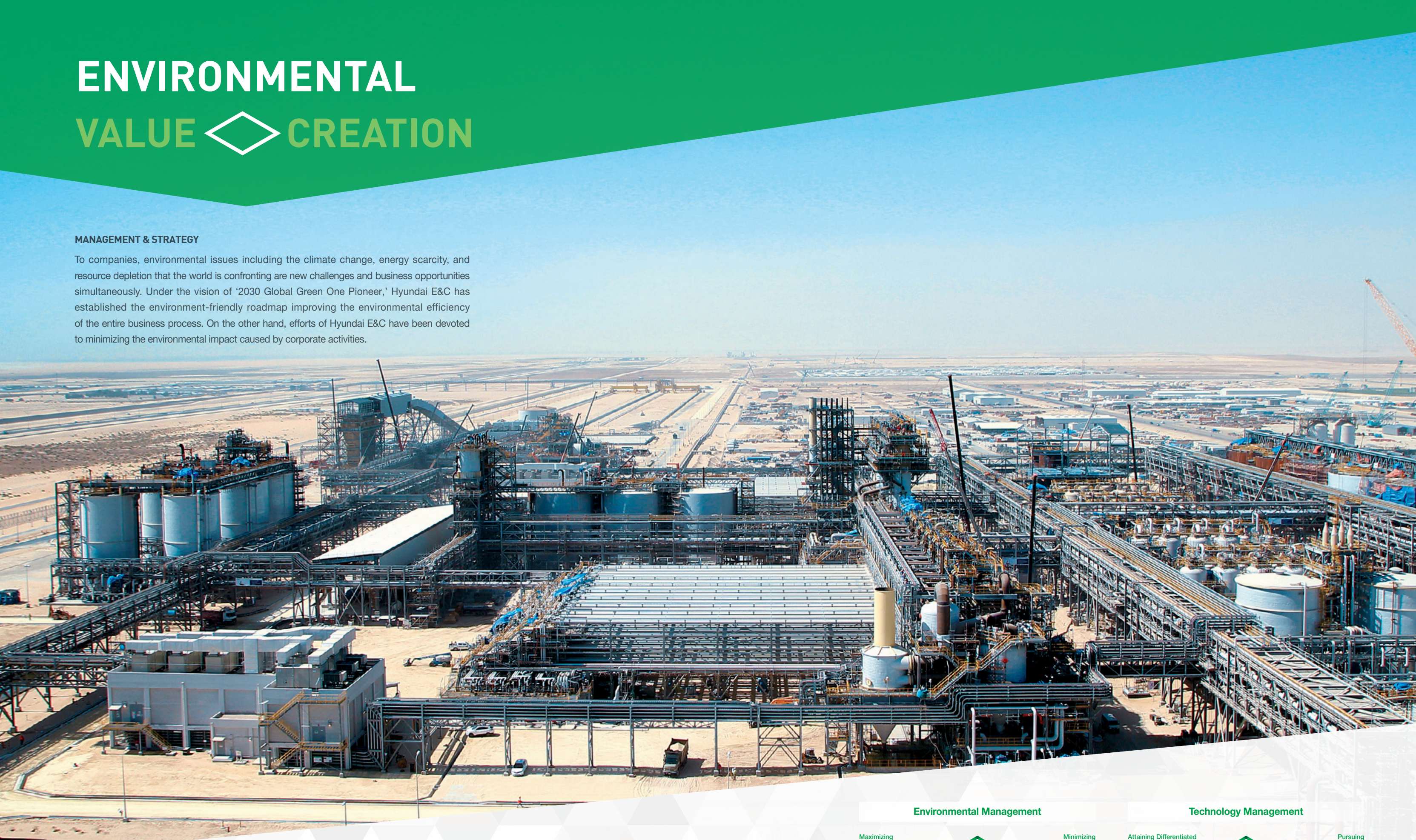
	Urbanization	Mid- to Long-term Strategic Risks	Energy & Fuel
Definition of Risk	<b>Intensified concentration of city population and rise of urban poor due to population growth</b> 60% of world population living in urban areas in 2030, 10% increase in urban population from 50% of 2013 <UN Population Division>		<b>Sudden changes in energy policy, supply, and fuel prices due to increasing energy consumption in developing countries</b> 15% increase in world oil consumption compared to 2010 due to the increase of transportation in emerging markets in 2030 <IEA>
Impact on Business	<b>Threat Factor</b> Intensified socio-economic problems in urban areas due to population growth <b>Opportunity Factor</b> Provide large/smart infrastructure in accordance with expansion of the urban areas		<b>Threat Factor</b> Advent of severe crises on energy shortage caused by demand increase for energy <b>Opportunity Factor</b> Respond to energy scarcity with renewable energy and low-carbon high-efficiency technologies
Countermeasure	<b>Development of large/smart infrastructure technologies</b> High-rise building, Advanced special building, Environmental remodeling, Super-long span bridge, Long tunnel, Smart transportation infrastructure, Advanced port		<b>Development of renewable energy and low-carbon high-efficiency technologies</b> Gas plant, Coal gasification application plant, Biogas plant, Offshore wind, Offshore plant, Concentrated Solar Power, Green smart building, Circulating Fluidized Bed Combustion (CFBC) boiler



# ENVIRONMENTAL VALUE CREATION

## MANAGEMENT & STRATEGY

To companies, environmental issues including the climate change, energy scarcity, and resource depletion that the world is confronting are new challenges and business opportunities simultaneously. Under the vision of ‘2030 Global Green One Pioneer,’ Hyundai E&C has established the environment-friendly roadmap improving the environmental efficiency of the entire business process. On the other hand, efforts of Hyundai E&C have been devoted to minimizing the environmental impact caused by corporate activities.



▲ Ma'aden Alumina Refinery Project, Saudi Arabia





# Foundation for Environmental Management

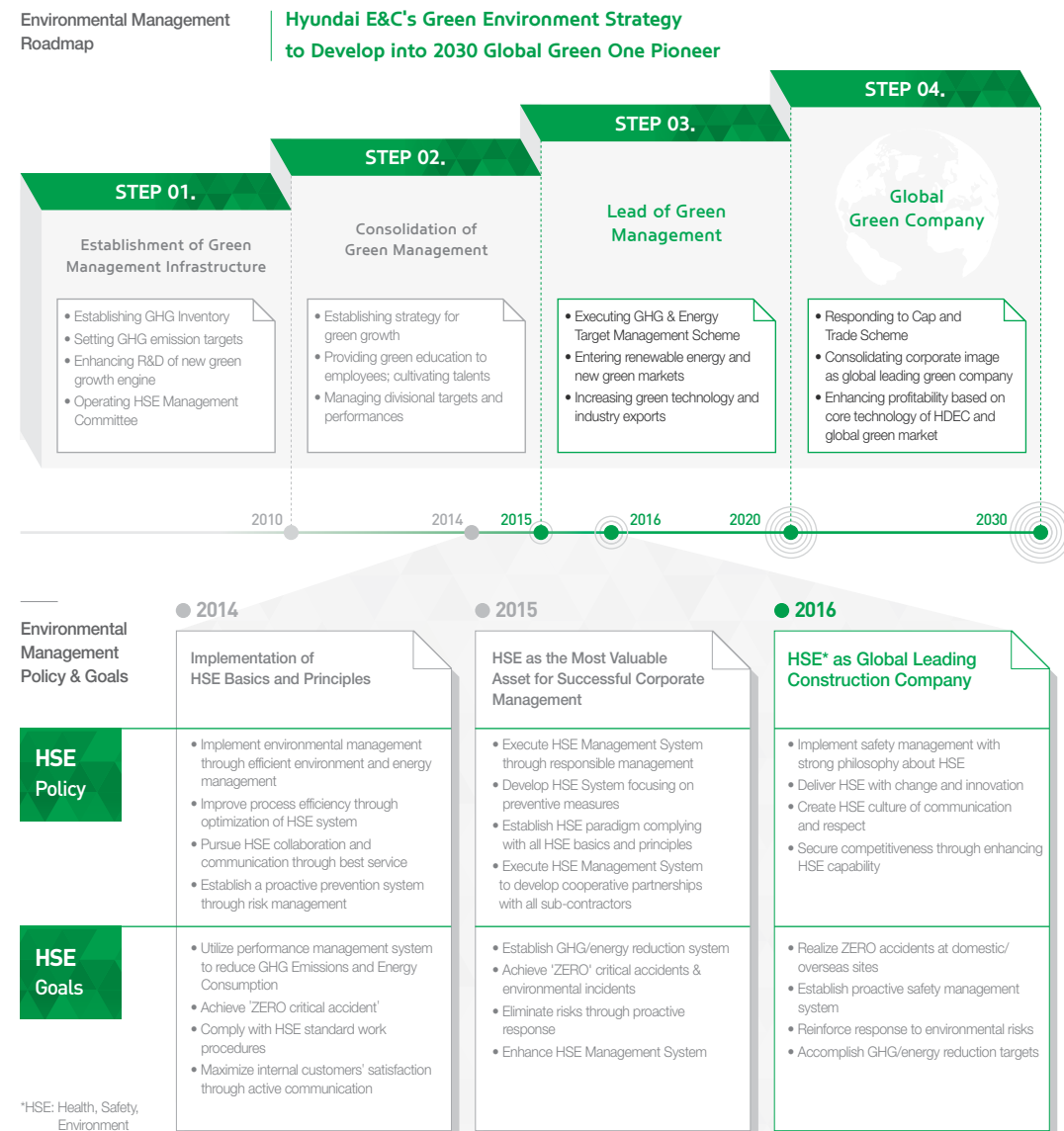
## MANAGEMENT & STRATEGY

The importance of the environmental management is now becoming the future growth engine creating new business, far beyond merely reducing energy. Hyundai E&C has consolidated its foothold as the global environment-friendly construction company by establishing the environmental management system and setting reduction targets for each business stage.



## Environmental Management Policy

Aiming to accomplish the vision of '2030 Global Green One Pioneer,' Hyundai E&C has established the long-term environmental management roadmap that includes the agendas until 2030. Moreover, diverse activities for the environmental management are being promoted to enhance the corporate status as the representative global environment-friendly company. Hence, we have built and delivered the corporate-wide plans and goals as well as the environmental management system for all business stages: technology development, procurement, transportation, construction, and deconstruction. In 2015, Hyundai E&C established plans and goals for each site following the corporate-wide safety/health/environment/energy plans and goals while concentrating on the thorough management by detailed execution plans.



## Environmental Management System

**Integrated Management System for Health, Safety & Environment** Since 2013, Hyundai E&C has been operating an organic environmental management system based on the Integrated Management System for Health, Safety & Environment that combines OHSAS 18001 (Safety and Health), ISO 14001 (Environmental Management System), and ISO 50001 (Energy Management System). In addition, environmental management goals by sites have been set while the performance is being managed through the Integrated Environmental Performance Management System. The environmental management performances are reported to the top management on an annual basis so that they can be utilized as references for establishing and advancing environmental management goals. In 2016, we will strive to maximize the environmental efficiency with an aim to realize 'HSE as a global leading construction company.' Also, we will respond in advance to the change of the international management systems such as ISO 14001 and OHSAS 18001, which are to be revised.

**IT-based Integrated Performance Management System** Through the Hyundai-Project Management System (H-PMS), an IT-based Integrated Environmental Performance Management System, we have managed environmental performance in an efficient manner by integrating the management of various systems such as GHG & Energy Management System, Waste Management System and violations against environmental regulations. In particular, we are successfully enhancing the corporate-wide environmental performance monitoring system through the sequential integration of procurement, training (e-HRD), social contribution, and HRPMS systems. For example, in 2015, we connected the procurement (Enterprise Resource Planning, ERP) system to H-PMS so that employees can view details of the energy consumption on the H-PMS without a need to log on the ERP system. Therefore, the work efficiency at sites has been significantly improved. Hyundai E&C will realize further efficient environmental management by continuously advancing the Integrated Environmental Performance Management System.

**Inspection of Environmental Management Activity** Hyundai E&C conducts regular inspections for all domestic and overseas sites on an annual basis in order to reinforce the capability in the environmental management. The inspection results are included in the performance evaluation of site managers and team leaders as well as responsible HSE personnel. Moreover, the score of each site is reflected to the evaluation of the completion and sites that acquired an outstanding score are given separate incentives. For domestic sites, in-depth inspections are conducted for 2 to 3 days while additional inspections are carried out for overseas sites that have not acquired sufficient scores. As a consequence, Hyundai E&C implemented a total of 110 inspections for domestic sites and 26 inspections for overseas sites while 17 sites had to go through the additional environmental inspection. For far stronger inspection system for site, Hyundai E&C will increase the percentage of the result of HSE system inspections in the performance evaluation from 40% to 50% (domestic) and 40% (overseas). Likewise, we will further intensify the inspection for on-site activities by diverse ways including interviewing site managers and employees to check the actual management status.

**Education about Environmental Management** Through systematic training programs, we have been improving the understanding of employees about the environmental management as well as encouraging the participation of employees into the environmental management activities. In 2015, we implemented trainings for employees relevant to the on-site environmental management, such as site managers, administrators, and technicians. We also developed curriculums customized for each work so that the quantitative expansion and qualitative improvement of HSE training have been accomplished. Especially, we are striving to advance the employee's awareness of the environmental management by providing trainings that focus on recent environmental issues such as the government's GHG & Energy Target Management Scheme. Hence, a total of 1,979 employees received the HSE training for 3,958 hours in 2015. Hyundai E&C will conduct trainings with a focus on the response to the GHG & Energy Target Management Scheme and responsibility for on-site environmental tasks in 2016.

## Integrated Environmental Performance Management System

(Currently being developed)



\* HRPMS : Hyundai Research Project Management System

## Performance of Education about Environmental Management

(As of 2015)

Number of Trainees **1,979 persons**

Training Hours **3,958 hours**

## Hyundai E&C Is Taking the Lead of Global Green Management

### Included in CDP Carbon Management Honors Club for Two Consecutive Years

In November 2015, Hyundai E&C was selected as a member of 'Carbon Management Honors Club' for two consecutive years, which is an award given to outstanding companies through Carbon Disclosure Project (CDP), the most authoritative environmental index of the world; the CDP Index is one of the most reliable sustainability management index in the world with Dow Jones Sustainability Index and Bloomberg Indexes. It annually evaluates, analyzes, and reports the climate change action of key listed companies. On the evaluation of 2015, Hyundai E&C accomplished the perfect score (100 points) for Carbon Disclosure Leadership Index (CDLI) and 'Band A,' the highest level of the evaluation result in the climate action sector. As a result, we were included in not only 'Carbon Management Honors Club' for the second time in 2015 but also 'Carbon Management Sector Winners' in the industrial material sector for 4 consecutive years. We will continue to fortify our foothold as the sustainable, global environment-friendly company while actively promoting GHG and energy reduction activities.



2015 CDP Korea Carbon Management Honors Club Award



# Consolidating Carbon Management System

## MANAGEMENT & STRATEGY

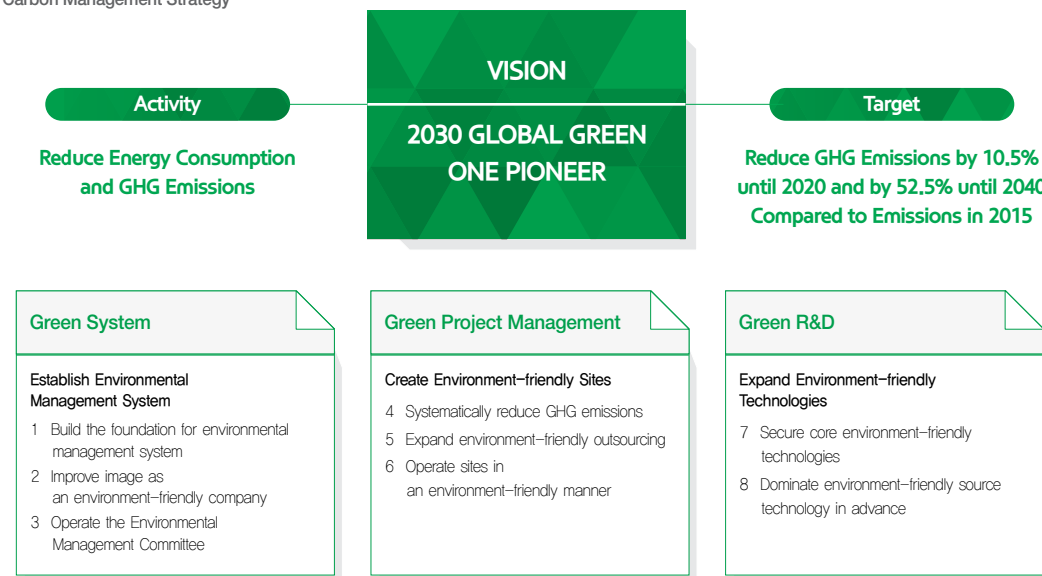
As the global climate change and energy depletion are intensifying, the corporate capability to improve the energy efficiency and reduce the GHG emissions is emerging as a key factor of the competitiveness in most industries. In order to proactively respond to the change, Hyundai E&C has executed corporate-wide carbon management activities such as establishing carbon management goals in accordance with the national GHG reduction target.



## Carbon Management Strategy

For achieving the vision of '2030 Global Green One Pioneer' and contributing to the national GHG reduction target, we have actively promoted the carbon management strategies aiming to reduce the emissions by 10.5% until 2020 and by 52.5% until 2040 compared to the emissions of 2015; the reduction target includes Scope 1-3 emissions as well as both domestic and overseas emissions. It is to proactively cooperate with the Intended Nationally Determined Contribution (INDC) for Korea determined by the Conference Of the Parties (COP21) in December 2015, which is to reduce the GHG emissions by 37% compared to the Business As Usual (BAU) until 2030. In responding to this, Hyundai E&C selected representative sites by business units and analyzed the GHG reduction potential of each site in 2013. Based on the analysis, the corporate-wide strategy was set to deal with the GHG & Energy Target Management Scheme in 2014. Additionally, we establish annual reduction plan by estimating future GHG emissions and identifying reduction items while the GHG reduction performance is reflected to the KPIs. Thus, Hyundai E&C will constantly devote to decreasing the GHG emissions.

Carbon Management Strategy



## Carbon Management System

**Improvement of Carbon Management System** Established the GHG inventory system in 2010, Hyundai E&C has realized the pacesetting carbon management through various ways such as introducing and applying ISO 50001 (Energy Management System) certification to sites in 2012 for the first among all construction companies around the world. Furthermore, we are reviewing the energy consumption of all construction stages, from project planning to construction, and conducting monthly inspections with energy reduction targets established. The energy management at site has become more efficient for the GHG system has been managed in the H-PMS, an integrated site management system, since 2014; every energy data including GHG emissions and the energy consumption by energy sources is gathered and analyzed at sites in real time. In 2015, likewise, we connected the H-PMS with the ERP that is the procurement system in order to improve the convenience of on-site personnel responsible for the data-entering as well as to increase the efficiency of managing the GHG management system.

**Leadership in Carbon Management** Hyundai E&C has led the carbon management since 2012 when it joined the Climate Disclosure Standard Board (CDSB) Working Group opening a new page of the carbon management. Moreover, we have significantly contributed to setting the GHG management guideline for the construction industry as an advisory member of the GHG & Energy Target Management Scheme's council. In 2014, moreover, we participated in the GHG & Energy Target Management Scheme pilot project conducted by the Korea Infrastructure Safety & Technology Corporation revising the 'MRV (Monitoring, Reporting and Verification) Manual of GHG Emissions for Construction Industry.' By actively delivering the GHG & Energy Target Management Scheme of the government in 2015, Hyundai E&C as the leading construction company in carbon management presented the model case to other construction companies.

## Enhancement of Carbon Management Activities

**Management of GHG Emissions** In order to check the GHG emissions status, Hyundai E&C is calculating the corporate-wide emissions on an annual basis as well as conducting the third-party verification for the GHG emissions data and management. In particular, we are endeavoring to reduce the emissions by voluntarily managing the overseas emissions and comprehensive Scope III as well as Scope I and II beyond the government requirement for construction companies that are subject to the GHG & Energy Target Management Scheme according to the Framework Act On Low Carbon, Green Growth. In 2015, the GHG emissions data from 2011 to 2014 was recalculated as the 'MRV (Monitoring, Reporting and Verification) Guideline of GHG Emissions for Construction Industry' was enacted while the recalculated data was used for establishing the estimation model of GHG emissions as a means of reducing GHG.

**Activities to Reduce GHG Emissions** GHG reduction activities of Hyundai E&C are conducted in three areas: optimization of reduction items, continuous Green Campaign, and trainings on the GHG & Energy Target Management Scheme. Firstly, we have identified items that help significantly reduce emissions by replacing office lightings with LED lights, changing to high-efficiency boilers, and improving air compressors at office buildings. The reduction items have been identified and applied to sites through the analysis of the economic feasibility and effectiveness. Secondly, the Green Campaign, a representative GHG reducing campaign of Hyundai E&C, has been persistently promoted at the headquarters and all sites. At sites, various reduction items are being applied to reduce GHG emissions that can be generated during construction stages. At the headquarters, reduction activities are being implemented in daily lives of employees. Lastly, Hyundai E&C has enhanced employee trainings to reinforce the employees' awareness of the environmental management while successfully delivering the GHG & Energy Target Management Scheme. As concerns about the climate change and GHG emissions have increased, Hyundai E&C distributed the GHG & Energy Reduction Guideline in 2015. Therefore, the employee's awareness has been greatly advanced leading employees to recognize the importance of reducing the GHG emissions.

## Value Creation through Carbon Management Activities

Carbon management activities of Hyundai E&C have generated actual values. Through the Green Campaign, the representative GHG reduction campaign, we are striving to reduce GHG emissions not only at the headquarters but also at all sites. In particular, reduction items that can be immediately applied to works are being constantly excavated for a lower energy consumption at sites where most energy are consumed. At the headquarters, for instance, daily reduction activities are being promoted such as

maintaining the proper indoor temperate and saving electricity for lights, air conditioners, and heaters. Thanks to our diverse efforts, we were able to reduce the GHG emissions by 74,133.49tCO<sub>2</sub>-e while cutting costs by KRW 33.98 billion\* in 2015.

\* The number indicates the cost saved by GHG emission reduction activities only. Please refer to CDP (https://www.cdp.net) for details.

### Headquarters

- Maintain optimal indoor temperature
- Turn off lights and cooling/heating equipment
- Shut down computers or set them to sleep mode
- Use personal mugs instead of paper cups and encourage the use of scrap paper
- Use stairs and reduce the number of elevator use

### Vehicle

- Use hybrid cars for the corporate fleet
- Use public transportation or commuter buses for commuting to/from work

### Site

- Use steam at existing factories when curing concrete
- Switch to mobile tower cranes to substitute the use of diesel with electricity
- Install remote mobile control device for tower cranes
- Encourage car-sharing
- Check vehicles regularly
- Prohibit sudden acceleration, sudden braking, and idling within sites
- Adjust tire pressure of construction equipment to improve fuel efficiency
- Encourage use of bicycles within sites



# Environment-friendly Construction Process

Maximizing  
Eco-efficiency  
BUSINESS VALUE

Minimizing  
Environmental Impact  
SOCIAL VALUE

web <http://en.hdec.kr/EN/Sustainability/GreenSafty.aspx>

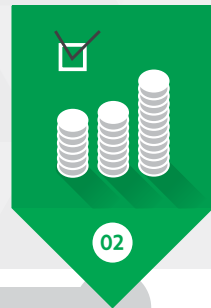


01

Prior to Construction Stage

## Environment-friendly Engineering

- Develop environment-friendly engineering
- Develop environmental remediation engineering technology
- Acquire environment-friendly efficiency facility and management technology
- Expand environment-friendly construction and engineering checklist
- Apply more environment-friendly technologies



02

## Environment-friendly Procurement

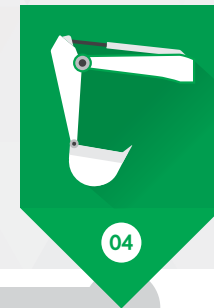
- Increase environment-friendly procurement
- Establish environment-friendly supply chain
- Operate environment-friendly procurement process
- Evaluate environment-friendliness of materials



03

## Environment-friendly Transportation

- Minimize environmental impacts caused by transportation
- Maximize the energy efficiency
- Increase efficiency through environment-friendly Vehicles Guideline
- Operate environment-friendly work vehicles

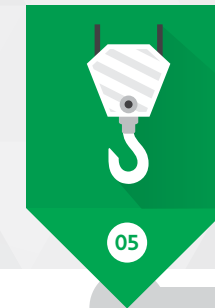


04

Stage

## Environment-friendly Construction

- Minimize environmental impacts caused by construction
- Maximize resource efficiency
- Establish and operate Integrated HSE System
- Monitor and reduce energy use at all stages for reductions
- Publish "Environmental Standard for Overseas Countries"



05

After Construction Stage

## Environment-friendly Deconstruction

- Reduce construction waste
- Establish environment-friendly deconstruction standards
- Operate Integrated Environmental Waste Management System
- Observe Environment-friendly Deconstruction Guideline
- Turn waste into resource with thorough management



06

## Environment-friendly Operation

- Increase environment-friendly certification
- Realize sustainable construction
- Expand application of green items in building
- Increase environment-friendly building certification

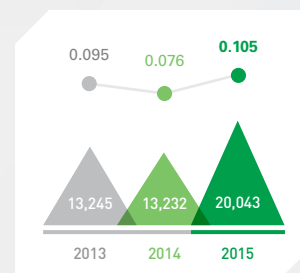
## ENERGY EFFICIENCY

### Energy Consumption

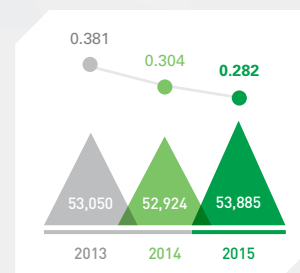
(Unit: TJ)

Category	2013	2014	2015
Diesel	95.34	68.18	209.54
Gasoline	17.74	14.57	14.78
Kerosene	11.25	32.78	20.29
Subtotal	124.34	115.53	244.61
LNG	67.32	62.85	44.18
LPG	2.12	3.77	4.20
Subtotal	69.44	66.62	48.38
Lump coal (brown coal)	18.46	26.40	10.53
Ignition coal (wood coal)	0.45	0.46	0.27
Hot water (district heating)	0.01	-	0.01
Electric power	1,074.49	1,072.97	1,095.48
Subtotal	1,093.40	1,099.83	1,106.30
Total energy consumption	1,287.19	1,281.99	1,399.29

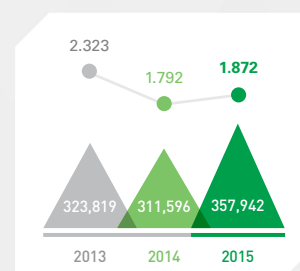
### Direct GHG Emissions



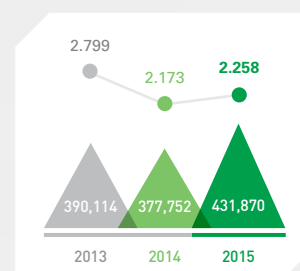
### Indirect GHG Emissions



### Other Indirect GHG Emissions



### Total GHG Emissions



▲ GHG Emissions (tCO<sub>2</sub>-e) ● Intensity by Revenues (tCO<sub>2</sub>-e/KRW 100 million)

## RESOURCE EFFICIENCY

### Material Use

Description	2013	2014	2015
Steel (ton)	752,000	811,000	670,000
Ready-mixed concrete (m <sup>3</sup> )	2,457,581	2,431,544	2,274,586
Cement (ton)	86,185	81,706	137,332
Sand (m <sup>3</sup> )	8,586,000	8,894,000	1,129,893
Aggregate (m <sup>3</sup> )	6,436,000	7,660,000	7,566,771
Asphalt concrete (ton)	316,900	354,972	423,703
L02 (ℓ)	1,891,813	1,961,952	1,427,935
Coal in medium-size lumps (kg)	2,308,170	3,057,317	2,338,190

### Waste Generation

(Unit: ton)

Description	2013	2014	2015
Waste	613,302	452,021	635,939

### Water Usage

(Unit: 1,000 ton)

Description	2013	2014	2015
Tap Water	710	397	379
Surface Water	120	282	166
Underground Water	100	121	390
Rain Water	20	3	5
Total Water Usage	950	803	940

### Wastewater Generation

(Unit: ton)





Description	2013	2014	2015
Wastewater	1,117,667	1,093,787	990,315



Environment-friendly Engineering and Application

**Reinforcement of Environment-friendly Engineering**\_\_\_\_Hyundai E&C has defined saving energy, saving water, caring the ecosystem, and creating a pleasant living environment as the four factors of the environment-friendly engineering applying them from the engineering stage. Especially, we are developing various high-efficiency environment-friendly engineering to build the 100% Energy-saving House because the legal regulation is intensifying as the government promotes the roadmap to realize the zero-energy house. In 2015, we acquired diverse environment-friendly efficiency facilities and energy management technology such as Hyundai Energy Recovery Ventilation (HERV) and Smart Building Energy Management System (BEMS) that consider the environment-friendly engineering factors. Besides, we secured a technology to improve the indoor air quality by developing a wallpaper which adsorbs harmful substances; the facilities and technologies have been applied to actual construction projects achieving meaningful performances. Through the Green Smart Innovation Center (GSIC), an energy demonstration facility established in 2014, we are demonstrating diverse cutting-edge technologies including renewable energy and energy storing system through integrated engineering, monitoring, and operation of those technologies. Hyundai E&C will further advance the brand image and enhance the competitiveness in 2016 by expanding the appliance of the environment-friendly engineering checklist that is to be considered at each engineering stage.

Considerations of Environment-friendly Engineering

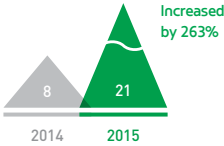
Category	Engineering Factors to Consider	Major Technology
 Energy Saving	Efficiency: Thermal insulation methods, thermal-insulating materials, energy-efficient windows and doors, waste heat recovery ventilation system, high-efficiency system, etc. Renewable energy generation: Photovoltaic solar, tidal, wind, geothermal, biogas, hydrogen fuel cell, etc.	· Building Integrated Photovoltaic (BIPV) system that ensures visibility · Hyundai Energy Recovery Ventilation (HERV) · Control & operation technology for micro energy grid · Smart Building Energy Management System (BEMS)
 Water Saving	Conservation: Water-efficient toilets, greywater recycling systems, rainwater harvesting systems, decompression valves, etc. Reuse: High-pressure filters, reuse of wastewater, ammonia stripping, collection of high-concentration liquid compound fertilizers, etc.	· Rainwater harvesting system · Wastewater reuse system
 Consideration for the Ecosystem	Topography: Fertile soil yard, contaminated soil washing technology, prevention of land subsidence, etc. Water quality: Installation of water shield, treatment of water contaminated from washing processes, treatment of organic wastewater, etc. Natural habitat: Recycling of damaged plants and trees, creation of escape paths, ecological wetlands, island of artificial plants, river ecosystem, etc.	· Clearing technology for contaminated soil · Eco-friendly construction and soil dredging technology · Restoration technology for river ecosystem
 Comfortable Living Environment	Indoor air quality: Functional materials, composite sensors, energy-environment management system, etc. Ventilation: Nature-friendly arrangements, topographic consideration, wind-resistant structure evaluation, etc. Thermal insulation: Thermal-insulating compound materials, external heat insulation systems, lining thermal insulation, etc. Noise: Acknowledge floor structure development, noise control, window, noise shield capability predicting technology, etc.	· Household Total Energy & Environment Management System (TEEMS) · Harmful substance absorbable functional wallpaper · Technology for reducing floor shock noise

**Expansion of Green Building Certification**\_\_\_\_Being operated, buildings consume more energy after the construction than during the construction period, which means that high-efficient buildings directly contributes to reducing the operational cost of customers. Therefore, Hyundai E&C is raising the portion of high-efficient buildings in order to minimize the energy and material consumption required for the operation while endeavoring to enable the environment-friendly operation and maintenance of buildings.

In 2015, total 21 projects among buildings constructed by Hyundai E&C in Korea and other countries received the environment-friendly certifications; it is a significant increase compared to the performance of 2014 (8 cases). For overseas constructions, we achieved 1 LEED (Leadership in Energy and Environmental Design) certification and 3 GREEN MARKs. For instance, the Lucky Tower Condominium project in Singapore acquired the Platinum level at the LEED certification, a standard benchmark about materials, resources, engineering, structure, and functions of high-functional environment-friendly buildings.

For domestic buildings, we accomplished 7 Green Building Certifications, 1 Energy Efficiency Rating System certification, and 4 LEED certifications; these achievements include the new LH headquarters (1st rank of Green Building Certification) and the military facility and nursery center of the Eighth United States Army (LEED Silver). Moreover, the housing division received 5 environment-friendly certifications including Wirye Hillstate that obtained the Green Building Certification as well as Energy Efficiency Rating System certification (1st class). In 2016, we will devote ourselves to acquiring more environment-friendly certifications through the application of environment-friendly engineering factors.

Performance of Green Building Certification  
(Unit: case / As of 2015)

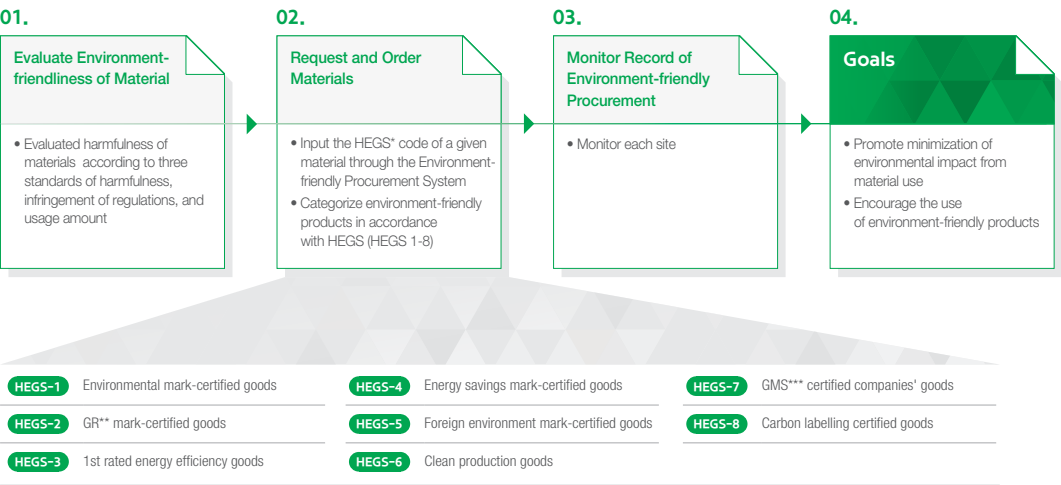


Environment-friendly Procurement

Hyundai E&C has evaluated the environment-friendliness of materials during the selection stage since 1997 to put a priority on the procurement of environment-friendly materials, which can help reduce the resource consumption and environmental pollution. Likewise, we support the environmental management of suppliers for encouraging the development and production of environment-friendly materials. We also devote for producing and procuring environment-friendly products through the continuous enhancement of the environment-friendly procurement process by signing the ‘Voluntary Agreement on Environment-friendly Procurement’ with the Ministry of Environment.

**Environment-friendly Procurement Process**\_\_\_\_With the Hyundai Environmental Goods Standard (HEGS) established in 2010, we have been stimulated the procurement of environment-friendly products and materials at the corporate level while operating a system to gather and manage the relevant data. All environment-friendly materials procured by Hyundai E&C are classified into eight codes (HEGS 1-8); a HEGS code of a material to be purchased is entered into the Environment-friendly Procurement System when charging or ordering. Furthermore, the data by codes is managed as individual performance of site/procurement managers in order to encourage the environment-friendly procurement. Hyundai E&C will further endeavor to minimize the environmental impact by reinforcing the environment-friendly procurement.

Environment-friendly Procurement Process



\*HEGS : Hyundai Environmental Goods Standard    \*\*GR : Good Recycled Mark    \*\*\*GMS : Green Management System

**Assessment of Materials' Environment-friendliness**\_\_\_\_In order to prevent the environmental impact due to materials, we manage the harmfulness of materials according to three standards of harmfulness, infringement of regulations, and usage amount. For a case when a material is classified as a highly harmful material, Hyundai E&C has been doing its best to establish the environment-friendly supply chain through trainings to reduce the environmental harmfulness of a material. Additionally, constant efforts are being concentrated on excavating alternative materials or elements.

Hyundai E&C Stands at the Forefront as the Global Environment-friendly Construction Company

**Won 5 Awards at 2015 Singapore BCA\* Awards**  
Hyundai E&C strengthened its foothold as the global environment-friendly construction company by winning total 5 awards in 3 sectors at 2015 Singapore BCA Awards held by the Singaporean government; Singapore BCA Awards is the most authoritative construction-related award that evaluates projects completed or being executed in the country in various areas such as construction, environment-friendliness, engineering, safety, and quality. Awards are given to clients, developers, and constructors. Since 1997, Hyundai E&C has won total 18 awards with its outstanding construction capability for diverse projects including Asia Square Tower 2, NV Residences, and Specialist Shopping Center. These achievements prove that our differentiated technology and construction capability are highly valued by the world, which will lead us to dominate an advantageous status in receiving overseas order.

\* BCA : Building and Construction Authority



2015 Singapore BCA Awards



Poster of Environment-friendly Vehicles Guideline



On-site Management of Environmental Factors

(Proportion of Expenditures /Investment for Environmental Protection)

**Air Quality** 21.08%

- Establish air pollutant emissions and abatement facility installation standards
- Install dust barriers and automatic sprinklers

**Water Quality** 22.81%

- Operate wastewater treatment facilities such as retaining walls, tunnels, and batch plants
- Conduct regular audit of wastewater management facilities and water quality
- Install diversion channels and grit chambers; Strictly manage oil facilities

**Soil (Waste)** 26.41%

- Prohibit any equipment repair & maintenance work and oil change work within sites
- Developed contaminated soil washing technology (Environmental Technology Verification No. 92)
- Six patents and two utility models related to remediation of contaminated soil

**Noise & Vibration** 20.75%

- Install sound-proof and vibration-proof facilities
- Use low-noise equipment
- Operate vehicles at low speed within sites
- Install sound-proof walls around sites
- Establish standards for emissions of air polluting materials and install restraining facilities

**Others** 8.95%

Expenditures/Investment for Environmental Protection

Total **KRW 54.8 billion**

Environment-friendly Transportation

It is anticipated that the GHG emissions due to the transportation around the globe will increase by more than 80% in 2030 compared to the current level. Therefore, Hyundai E&C has strived to reduce the emissions generated during transporting materials and operating heavy equipment through establishing the vehicles guideline in 2010; it has been distributed to employees as well as all suppliers requiring responsible personnel to comply with it.

**Efficient Operation of Environment-friendly Vehicles & Equipment** For a higher fuel efficiency, Hyundai E&C has defined total 11 items and established the detailed guideline for the economic driving of work vehicles. Hyundai E&C complies with the guideline when operating vehicles and heavy equipment at the headquarters and all sites.

**Introduction of Environment-friendly Vehicles** We have replaced existing work vehicles with energy-efficient hybrid cars since 2012 in order to reduce GHG emissions. We will continue increasing the number of environment-friendly cars contributing to the world's efforts toward the GHG reduction.

Environment-friendly Construction

Hyundai E&C is minimizing the environmental impact during the construction process by reducing energy and resource use at site and persistently managing GHG emissions and waste generation while protecting the ecosystem around site.

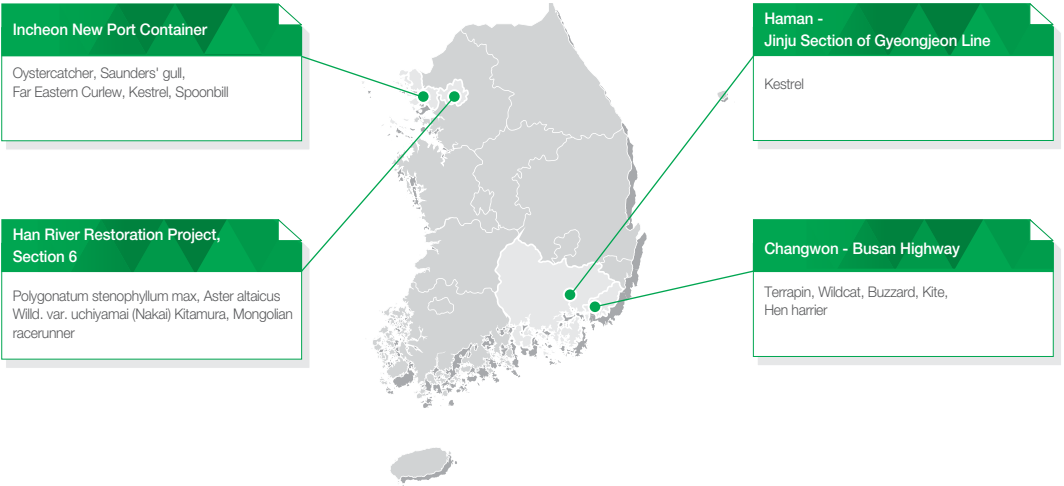
**On-site Resource Management** With the Building Information Modeling (BIM), a cutting-edge construction information system, we are realizing the efficient resource management by preventing the unnecessary use of materials through the exact calculation of volume and cost required for the construction. Through the Integrated Environmental Performance Management System, moreover, the monthly GHG emissions and energy consumption are being calculated and managed for each work type and emission source. For reducing the water consumption at site, we have also installed rainwater storages and de-watering equipment that uses underground water. Instead of a water tank car to prevent dust, in addition, we use sprinklers to consume less water during the construction.

**Intensification of Site Inspection** Hyundai E&C annually conducts independent external inspections and internal inspections by experts for all domestic and overseas sites while reinforcing the site inspection through the HSE risk analysis by sites. In 2015, total 110 domestic and 26 overseas sites went through the inspections; the scope of the inspection will be further expanded in 2016 to cover 112 domestic and 30 overseas sites. For the first among domestic construction companies, we published and have distributed the International Environmental Management Standard to sites in key countries such as Singapore, Saudi Arabia, UAE, Qatar, and Kuwait where we operate business. In 2013, furthermore, we were awarded the 9th Best Practices Contest of Construction Environmental Management for our contribution to the development of the construction industry by 'improving the work efficiency through environmental guidelines by countries.' We will keep advancing the level of the environmental management by responding to environmental regulations of each country as well as efficiently managing overseas sites through the guideline.

**On-site Environmental Management** We have strived to minimize the environmental impacts incurred at sites by categorizing them into four elements: air, water quality, soil, and noise & vibration. Besides, we reduce the pollution through the strict management of the quality of wastewater by operating the wastewater purification facility and conducting the constant water quality analysis. We also provide a thorough management to sites that request for supports. As a consequence, we supported total 17 sites in 2015 while the amount of cost and investment for the environment protection in 2015 was KRW 54.8 billion, which is a 15.6% increase compared to KRW 47.4 billion in 2014.

**Protection of Ecosystem** Complying with the Nagoya Protocol in a faithful manner, Hyundai E&C has applied strict standards to protect the biodiversity and the ecological environment around sites. In particular, we proactively analyze possible impacts on the environment surrounding sites from the planning stage by developing and applying engineering and construction methods that can help to protect the biodiversity and to minimize topographic changes and destruction of vegetation. In 2015, we thoroughly executed the ecosystem protection measures at sites where protected species are inhabiting.

Protected Species around Sites



Environment-friendly Deconstruction

Hyundai E&C is operating a standardized waste disposal and recycling system in an efficient manner for minimizing environmental impacts and wastes during the deconstruction.

**Integrated Environmental Waste Management System** Since July 2012, Hyundai E&C has delivered an effective waste management through the Integrated Environmental Waste Management System that connects 'Allbaro System,' a waste management system of the Ministry of Environment, Hyundai-Project Management System (H-PMS), and Integrated Environmental Performance Management System. Therefore, we have been able to prevent the violation against regulations and gather the data about total waste amount and cost by business units, processes/work types, companies, and waste types in real time; the date collected is used as a reference for receiving of order, bidding, and budget compilation.

**Environment-friendly Deconstruction Guideline** To minimize environmental impacts and disasters incurred during deconstruction and demolition processes, we have established a HSE Work Procedure for the equipment installation and disassemble as well as guidelines for deconstruction and removal of scaffold; all sites are strictly complying with the Standard Safe Work Guideline for Disassemble. Especially, we check the possible containment of harmful substances such as asbestos in advance of the deconstruction so that our employees are not exposed to danger. If the asbestos containment exceeds 1%, we commit the removal and disposal of asbestos to hazardous waste management specialists.

**Waste Management** In accordance with pre-defined disposal measures, Hyundai E&C has managed the waste by establishing recycling policies. We are also endeavoring to decrease environmental impacts by setting targets for the waste disposal and material recycling by sites where generate a significant amount of waste or are subject to the special management. In addition, recyclable wastes are sold to recycling plants for the resource utilization while a priority has been put on purchasing recycled materials and cyclic aggregate. Thanks to these various efforts of Hyundai E&C, the green environment has been preserved.

Ecosystem Protection Activities

Replace Habitat

Transplant trees and plants; create ecological wetlands by settling basins; install an island of "artificial" plants; develop natural streams and green areas

Install Protection Devices and Pathways

Build escape paths and escape-leading fences for small animals; install pathways that utilize silt protectors, blocking paths, roadside trees, and other on-site structures

Consider Alternative Engineering

Change the construction location; apply low-vibration construction methods; downscale bridge foundations

Integrated Environmental Waste Management System





# Enhancing Core Technology Capability

## MANAGEMENT & STRATEGY

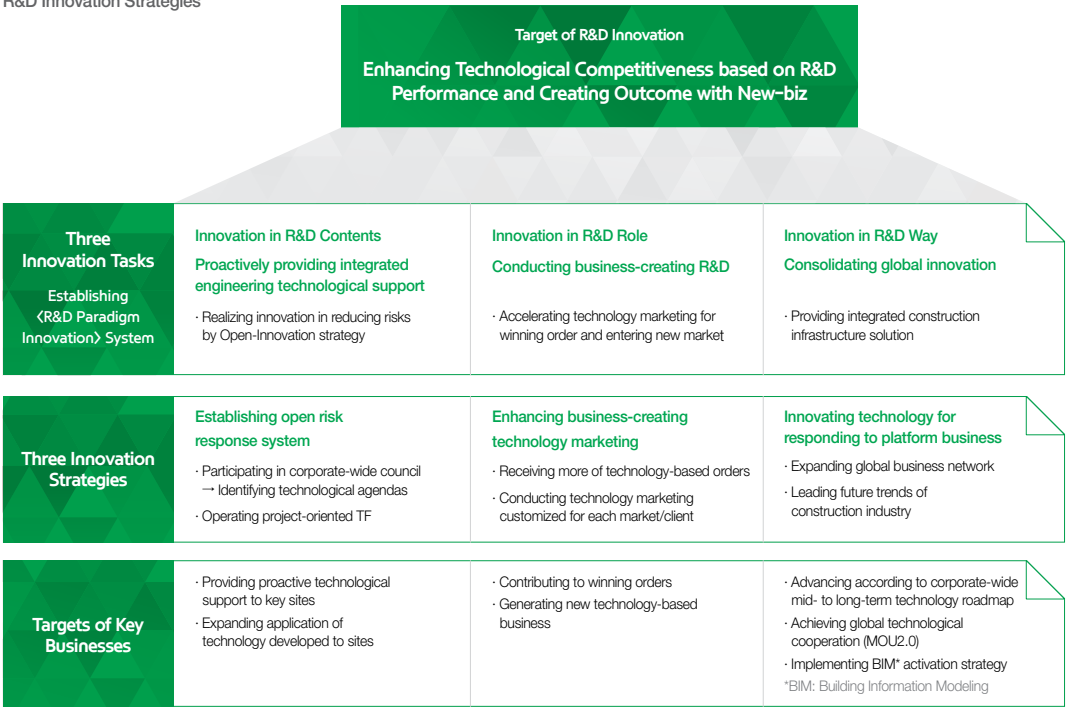
Technology is the future of Hyundai E&C and the driving force that makes the impossible possible. Hence, Hyundai E&C has been enhancing its R&D capability by the substantial investment as well as devoting its best to acquire future source technology. Besides, the R&D scope has been expanded to the new growth convergence through the joint cooperation with affiliates.



## R&D Innovation Strategies

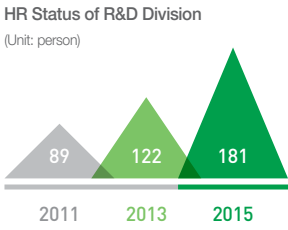
Hyundai E&C defined 2015 as the starting point of the R&D innovation establishing the three innovation tasks: R&D Contents, R&D Role, and R&D Way. Moreover, we set strategies for the innovation and key business targets reflecting the trends of innovation business in 2016. Firstly, for innovating the R&D Contents, we identify technological issues through the corporate-wide council while expanding the technological support for key sites. Secondly, we innovate the R&D Role by advancing it from the technology development that was focusing on element technology to the business-generating technology management. Lastly, the R&D Way has been innovated for responding to industrial changes around the globe through integrated solutions of the construction infrastructure, which will contribute to leading the future trend in the construction industry. In addition, Hyundai E&C has been striving to acquire the source technology of new growth/future product based on the analysis of the four megatrends that are closely related to the construction industry: urbanization, energy & fuel, resource depletion, and water scarcity.

R&D Innovation Strategies



## Consolidation of R&D Infrastructure

**Advancement of R&D Capability**\_\_\_\_Under the goal of 'securing Technologies to become a Global Construction Leader based on Engineering,' we reorganized and expanded the research institute to the 'Research and Development (R&D) Division' in 2011. Since then, we have substantially invested into the R&D infrastructure realizing the technology innovation for the future growth. In 2015, total KRW 23.4 billion was devoted for enhancing the infrastructure; we invested KRW 17.2 billion in R&D human resources, KRW 4.5 billion in R&D cost, and KRW 1.7 billion in R&D capital.



Believing it is necessary to secure and cultivate innovative R&D talents for the sustainable growth, we are persistently acquiring capable research talents and promoting plans to hire overseas outstanding human resources. Consequently, the number of employees working in the HDEC R&D Division as of December 2015 is 181, more than twice the figure of 2011 (89 persons). In 2016, Hyundai E&C will accomplish a further growth through the technology innovation by providing more supports to key sites with our abundant R&D capability as well as applying and commercializing developed technologies.

**Increase of Investment in R&D Facility**\_\_\_\_ Since 2011, Hyundai E&C has continued to expand the investment in securing the R&D facility and thus enhanced the R&D infrastructure by diverse efforts such as establishing new research/demonstration facilities, enlarging laboratories, and changing equipment. In 2014, for instance, total KRW 11.5 billion was invested to build Green Smart Innovation Center (GSIC), the representative demonstration facility of Hyundai E&C; it has functioned as the foundation of the green smart research combining cutting-edge environment-friendly technologies. A range of researches are being conducted at the GSIC, such as zero energy apartment, smart office, and various technologies for green smart building. On the other hand, in addition, the demonstration is being currently implemented for the Smart Building Energy Management System that was developed by Hyundai E&C for the first in Korea. Moreover, we invested KRW 1.4 billion in functions of the structural test laboratory, wind tunnel laboratory, acoustic laboratory, and climate simulator. We further consolidated the practical research foundation for environment and energy fields by building four additional demonstration centers as well. Hyundai E&C has strived to develop commercialized technology that can be immediately applied to on-going projects through testing the stability and suitability of technology at the centers. We will continuously invest in the R&D so that we can secure the future technology capability of the world class in all business divisions as the new growth engine.

Green Smart Innovation Center (GSIC)



**Commercialization of Technology**\_\_\_\_Applying newly-developed technologies to sites, Hyundai E&C has successfully dominated a competitive status in receiving order and thus has been highly recognized by the world with its values as the global construction company who possesses the impeccable technology capability. In November 2013, we proposed the 'Contaminated Soil Remediation R&D Project' to Singapore for the first among Korean construction companies. Following the achievement to be selected as the first research institute of the project, we became the second research institute as well thanks to our outstanding technology. In addition to this, we developed a new environmental technology for cleaning soil which substantially contributed to the completion of the soil cleaning project of Janghang Smelter in November 2015. Besides, our technology has been applied to various sites and contributed to receiving more orders and successfully implementing projects, such as 'Intelligent Multi-Grouting System (IMG),' 'Auto Controlled Injection System of Powder type Accelerator,' 'Vertical Pipe Cooling Method,' and 'Prefabricated Parallel Wire Strand (PPWS)' which we developed for the first in the nation. In April 2016, furthermore, Hyundai E&C's technology, 'Mass concrete curing system reducing temperature crack' was applied to the reclamation construction of 'Tuas Finger One in Singapore.' This is such a meaningful accomplishment because it is the first case that a technology developed solely by a Korean construction company is actually used for an overseas project. Hyundai E&C has continued the R&D with an aim to develop technology that is immediately applied to sites. We will further endeavor for the commercialization of technology such as technology transfer and technology application to engineering/construction of domestic and overseas projects.

## Hyundai E&C Leads the Korean Construction Industry with Its Top-notch Technology

### Accomplished the Korea's Best Performance in Receiving Technology Proposal in 2015

Hyundai E&C has had its impeccable technology highly valued by winning total five technology proposals in 2015, four in civil works sector and one in construction sector. A technology proposal refers to a way to place an order that includes turnkey, alternative, and technology proposal; it uses cutting-edge technology and reduces the construction period generating a quality result. In other words, the advanced technology capability is essential to win a technology proposal order. Thus, Hyundai E&C will step forward to expand the boundary of the Korean construction to reach international high value-added markets by strengthening the technological competitiveness through the constant R&D.

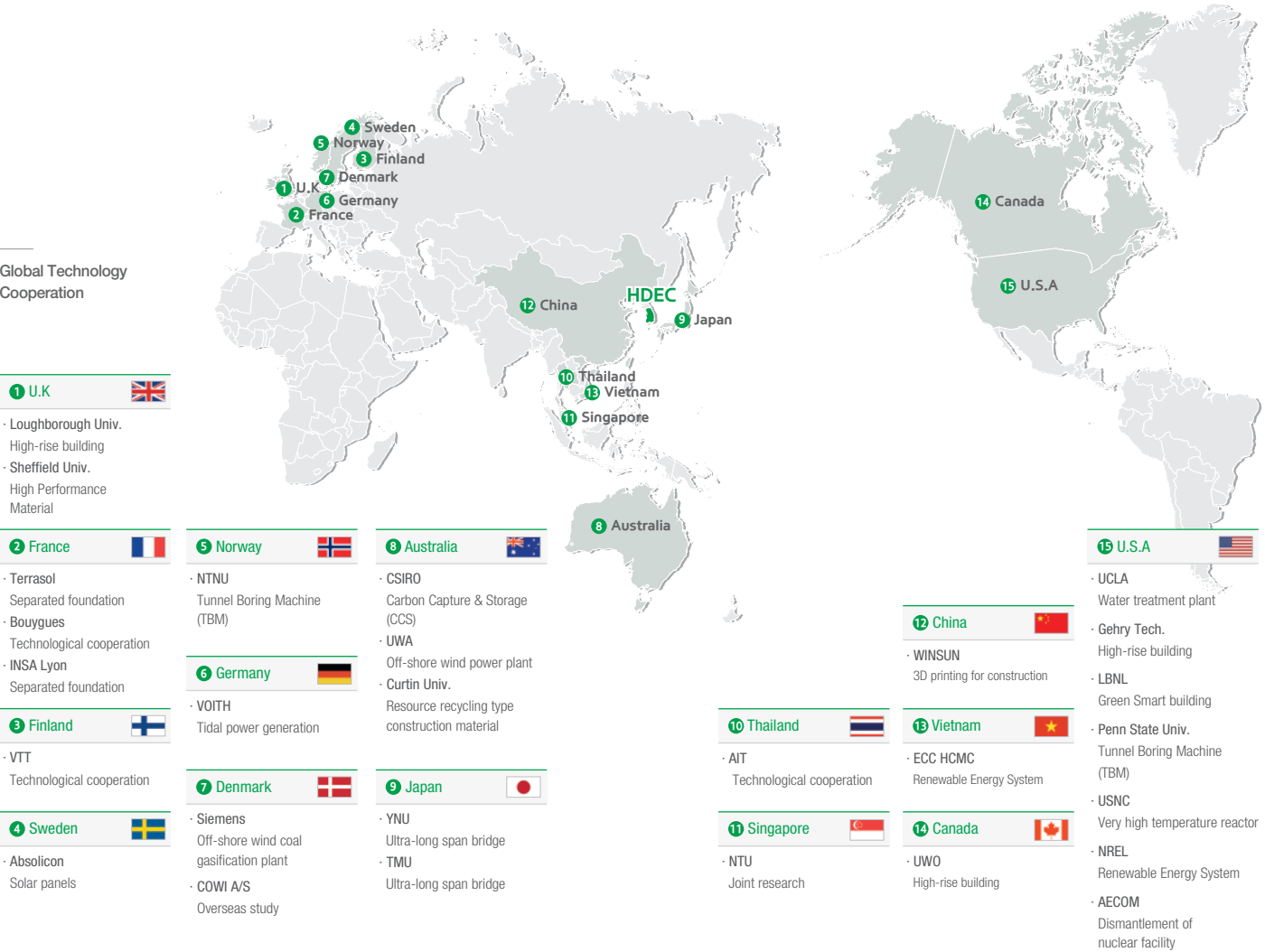
### Performance in Winning Technology Proposal in 2015

Category	Project	Date
Civil Works	Yeosu Regional Oceans & Fisheries Administration	APR 2015
	BYEOLLNAE Lines (Amsa-Byeollae) Construction of Double Track Railway Section 3	AUG 2015
	Ju-am Dam Water Conduction Tunnel Stabilization Construction Project	OCT 2015
	The New Port of Busan West Container Terminal (2-5 Phase) Expansion Project	NOV 2015
Building Works	Narakium Yeouido Building	AUG 2015



Expansion of R&D Network

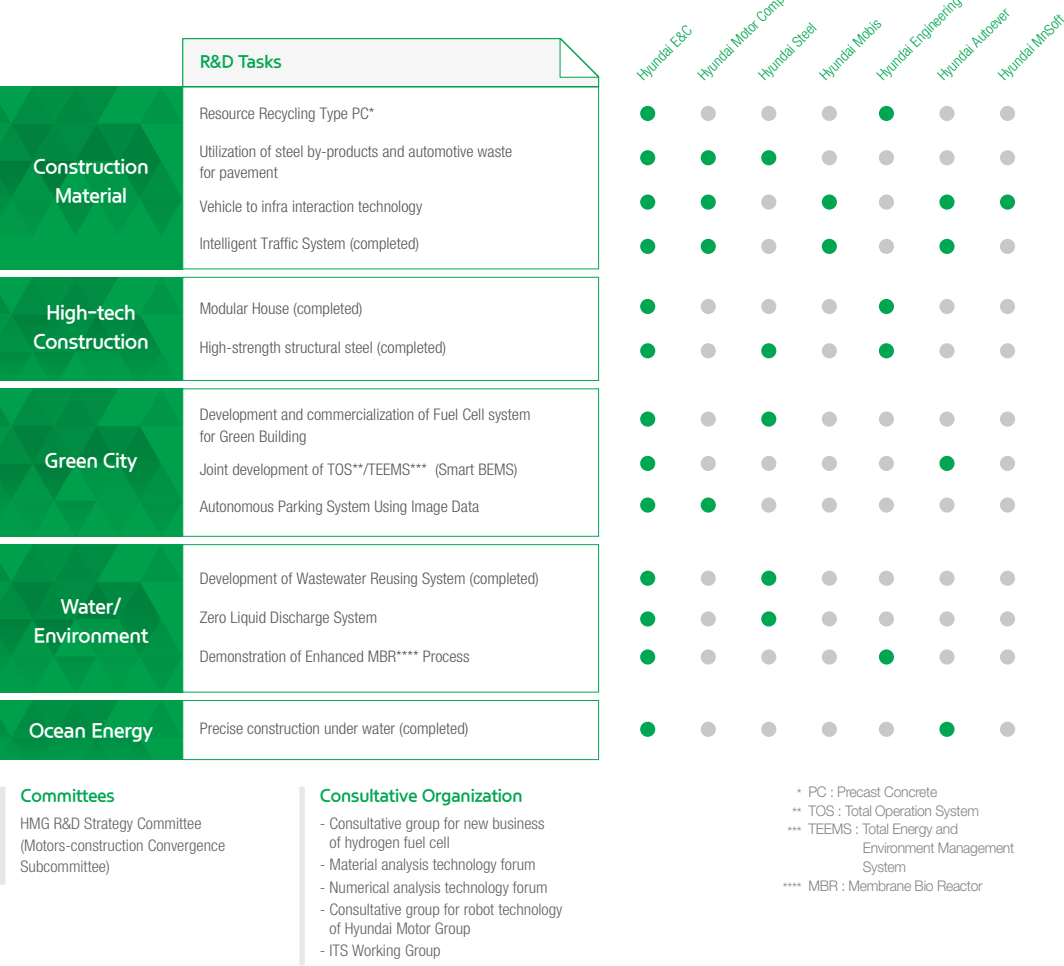
**Reinforcement of Global R&D Cooperation**\_\_\_In order to secure top-class future core technology, we have established a R&D network with world's leading agencies and companies and promoted global joint researches. In 2015, we could further fortified the global R&D infrastructure through the technological cooperation and Connect & Development with 8 new institutes including Bouygues, a French construction company. Moreover, in January 2016, we established a joint research center with Nanyang Technological University (NTU) of Singapore; we will execute five core research tasks led by the Singapore Economic Development Board for next 3 years. Likewise, a technological cooperation with Grupo ACS of Spain and AECOM of United States was promoted in April 2016. We are doing our best to enhance the technology capability through the close cooperation with diverse international leading companies.



**Development of Convergence Technology through Group Synergy**\_\_\_Hyundai Motor Group has established an environment-friendly cycle in each field such as motor, steel, and construction. Based on strengths of affiliates, Hyundai E&C has been promoted the development of convergence technology in diverse fields such as energy, environment-friendly construction material, energy, and transportation by cooperation and joint researches. Through the Motors-construction Convergence Subcommittee under the Hyundai Motor Group R&D Strategy Committee, we consolidated the cooperation in the construction field with Group affiliates while operating five consultative groups such as 'Consultative group for new business of hydrogen fuel cell.' In 2015, furthermore, we cooperated with the Venture Development Office of Hyundai Motor for the Hyperloop\*, the super-high speed rail system, and strived for the development of 'Smart Home & Car' in construction and motor fields. Hyundai E&C will continue the excavation and research in the new growth field through various devotions such as establishing a roadmap for the intelligent driving through a strong synergy within the Group.

\* The Hyperloop:  
A cutting-edge and innovative super-high speed rail system (1,300 km/h or Mach 1.06) proposed by Elon Musk, the founder of Tesla Motors of United States

Technology Development through Group Synergy



**Hyundai E&C Technical Forum**\_\_\_Hyundai E&C excavates innovative technologies and ideas in the construction field by holding the 'Hyundai E&C Technical Forum' every year for college students and SMEs; the Forum is the only technology competition held by a domestic construction company as well as the biggest event of Hyundai E&C. Applications are submitted for five months from every April and excellent technologies are awarded in every September. Corporate winners are awarded a privilege to be registered as suppliers of Hyundai E&C receiving support for the patent application. When our suppliers are nominated as awardees, we promote the joint R&D and provide financial support for patent-related costs. In addition, student winners receive incentives if they apply to enter Hyundai E&C. At the Forum, we present the research performance and invite foreign lecturers for expanding the foundation of the technology development. Moreover, we contribute to the development of the future construction technology increasing the accessibility to new technologies by exhibiting the awarded technologies.

Poster of 2016 Hyundai E&C Technical Forum





# Customer Satisfaction through Innovation

## MANAGEMENT & STRATEGY

Hyundai E&C is concentrating all efforts on presenting a sincere impression to customers by continuing the quality innovation based on the corporate culture where customer is the top priority. Moreover, we are operating diverse customer communications channels so that we can generate customer values through the identification of customer needs proactively reflecting them to the business.



## Quality Innovation

**Reinforcement of Corporate-wide Quality Innovation**\_\_\_\_The quality innovation of Hyundai E&C always focuses on delivering the impression better than values that customers expect. Thus, Hyundai E&C devotes to establishing the standardized quality innovation program through process-based thinking and to enhance the capability of responsible personnel. Therefore, firstly, we identify and respond to needs of customers and clients in advance by conducting the quality evaluations for all sites every year. Hence, total 55 domestic and overseas sites had quality evaluations while quality experts were assigned to new sites to establish the standardized quality system.

Based on a philosophy about the quality innovation that the firm foundation provides solutions for every problem, we have implemented the quality education customized for each site reflecting various characteristics and needs of sites. In 2015, Hyundai E&C conducted education to settle the system at 24 sites that are in need of the stable quality system and provided new sites with a guide about construction-related references and supports to start a construction without a hitch. In particular, online quality education using our own contents is contributing to the reinforcement of the quality capability. We realize the corporate-wide quality innovation also by producing and distributing materials for quality education and One Point Lesson by work types. We will devote all our capability to the evaluation and education in order to improve the employee's awareness of the quality.

**Quality Management System**\_\_\_\_Hyundai E&C operates an efficient quality risk management system for effectively responding to internal and external quality risk and the market environment that is drastically changing. To prevent the reoccurrence of same failure cases as well as to spread success cases, the Case Application System (CAS) has been operated since 2014; the Case Application System (CAS) has databased about 7,700 best and worst practices gathered from sites, which all employees can access in real-time basis. In 2015, moreover, we further advanced the CAS by selecting cases valuable in aspects of the usability and importance. Expanding the application of the CAS to all sites, we are continuously innovating the quality management through proactive measures by project stages and in-depth educations by work types for reducing the quality risk.

## Hyundai E&C Accomplished the First Rank on KS-CQI Advancing the Class of High-end Apartment of Korea

In November 2015, Hyundai E&C won the first rank on the Korean Standard-Contact Service Quality Index (KS-CQI) in the apartment sector led by the Korean Standards Association. Following the achievement in 2013, we were nominated the first rank again, which is the proof that we have realized the prompt and precise 'Service for Customer Impression' in the perspective of Hyundai E&C's Hillstate customers. We are aiming to deliver a service mind, "we can impress customers with the unseen," and a customer-first value that the customer impression starts from sincere mind for customers. Accordingly, we provide the kind, swift, and accurate one-stop service from the initial enquiry to resolution. Hyundai E&C will step forward to further advance the class of Korea's high-end apartment through the quality customer service.



2015 KS-CQI Certification Presentation Ceremony

**Expansion of Supplier Quality Innovation**\_\_\_\_Hyundai E&C is holding regular workshops for suppliers and providing specialized quality education by work types for the quality innovation in order to enhance the value chain. In 2015, therefore, we implemented the quality education workshop for 376 construction suppliers while 69 material suppliers participated in the Quality Chain Workshop. Through the quality workshop, especially, a feedback about the quality evaluation result and support for the education customized for key poor areas are given. Thus, the quality is being constantly improved. Hyundai E&C will further encourage the participation of suppliers in the value chain for the shared growth. Expanding the scope and participants, we will strive to maximize impacts of the education through the active participation as well.

## Quality Chain Workshop



## Expansion of Customer Communication

**Online Communications Channels**\_\_\_\_Through diverse customer communications channels, we are carefully listening to the voice of our customers. For instance, we operate a customer center on our website to resolve problem of customers with 1:1 online consultations for the convenient and prompt problem solving. In addition to the Hyundai E&C website, we operate a professional customer centers and a separate website of Hillstate, a representative housing brand of Hyundai E&C, to provide customers in the housing market with information such as construction, sales, and after services. In 2015, total 266 customer opinions were submitted via the Hyundai E&C website while the Hillstate website received 1,305 opinions. Besides, we renovated the official corporate website in January 2016 for better communications with customers and improved the online consultation for solving customer enquiries in a more timely manner. Accordingly, we will take one step closer to our customers.

**Offline Communications Channels**\_\_\_\_For customers who have a difficulty in online communications, Hyundai E&C operates various communications channels such as phone-call, e-mail, door-to-door visiting, and face-to-face interview. Especially, we operate 18 on-site AS centers and four offices in Seoul and other regions to provide quality services for easier consultations for residents. Furthermore, we hold 'The Hillstate Day' Event before the completion of the construction and gather customers' opinions for the service improvement. In 2015, we operated the MOT (Moment of Truth) Team at eight sites for the prompt AS in early days of move-in and enhancement of customer services. Likewise, we newly founded a 'Zero Customer Complaint' Team in February 2016 that visits to solve problem on the day of submission. Thanks to these sincere efforts for the customer satisfaction, Hyundai E&C was nominated as the first rank on the Korean Standard-Contact Service Quality Index (KS-CQI) led by the Korean Standards Association in the apartment sector. The number of customer opinions submitted via the call center in 2015 is 62,831.

## Customer Satisfaction Activities

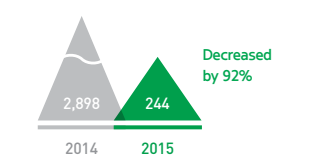
**Hillstate Styler**\_\_\_\_Since launched in 2008 as Hyundai E&C's quasi-expert evaluation group mainly composed of housewives, the 'Hillstate Styler' has significantly contributed to advancing products through proposing various opinions from the view of customers through regular activities every year. In 2015, the Hillstate Styler conducted total 13 activities visiting 11 sites of Hyundai E&C including Hillstate Taejeon as well as 13 model houses of other companies. 230 items out of 476 items proposed were reflected to actual projects, which is the highest figure ever. Hyundai E&C will gradually expand the scope of Hillstate Styler activities to cover inspecting the apartment service and developing items beyond monitoring model houses.

**Customer Satisfaction Survey**\_\_\_\_In order to identify the satisfaction level of customers, we conduct a survey and thus gather opinions of customers and stakeholders about Hyundai E&C's quality and value, their expectation level, complaints, and loyalty. As a result, we have been able to analyze and reflect customer needs to managerial activities. In 2015, we innovated the survey method for all site customers, from the face-to-face survey implemented with the site quality evaluation to the online customer quality satisfaction survey. Consequently, total 218 customers at 84 sites answered the survey and the survey result was 85 points. We could also achieve the improved credibility and objectivity of the survey result by expanding the target size. We will strive to reflect more customer opinions from the world through including overseas sites in the survey target and implementing the customer satisfaction survey in other languages such as English.

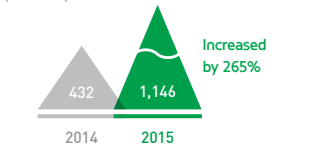
web [www.hdec.kr](http://www.hdec.kr)

web [www.hillstate.co.kr](http://www.hillstate.co.kr)

## Customer Complaints



## Customer Compliments



## Hillstate Styler Activities



Customer Satisfaction Survey Results  
(As of 2015 / Out of 100 points)  
**85 points**



# SOCIAL VALUE CREATION

## MANAGEMENT & STRATEGY

Hyundai E&C employees are the key driver to make the impossible possible while suppliers are partners to attain the shared growth. Hyundai E&C is cultivating capable suppliers and enhancing the value chain by nurturing global talents who are not afraid of change and innovation. Furthermore, we faithfully deliver the responsibility and role of the global construction company through the coexistence with domestic and overseas local communities.

▲ Subiya-Jahara 300kV Transmission Line, Kuwait





MANAGEMENT & STRATEGY

Excellent talents are the biggest asset of a company as well as a drive of the corporate growth and development. Hyundai E&C is hiring capable talents through fair processes and cultivates them as global human resources through systematic human resource development programs. Consequently, we have been standing tall as the global construction leader who generates new values pioneering changes and innovations in the world.



Hyundai E&C's Ideal Employee

Strongly believing that the cultivation of talents has a direct influence on the corporate competitiveness, Hyundai E&C is enthusiastically hiring human resources who are suitable for its concept of an ideal employee: talents who challenge to generate the best value and to become the best in a new field. Based on the progressive mind, creativity, and passion, employees of Hyundai E&C are stepping forward to becoming global talents that create innovative values.

Hyundai E&C's Ideal Employee



Equal Opportunities in Employment

**Recruitment of Outstanding Talents**\_\_\_\_To find advanced talents that suit our ideal employee type, Hyundai E&C recruits human resources in a fair and transparent manner. In 2015, we recruited 176 new employees, 33 interns, and 127 experienced workers; 14 additional women employees were hired through a flexible time shift system that is operated to provide job opportunities to career-interrupted women. Besides, we provide a job opportunity to the youth who suffer from the unemployment and economic difficulty through the intern system contributing to the reinforcement of the corporate competitiveness through the proactive acquirement of excellent talents. When hiring contracted workers, we consider characteristics of the construction industry and contracted workers are equally treated according to relevant regulations. In 2016, we will recruit a far bigger number of experienced workers in order to secure talents with expertise.

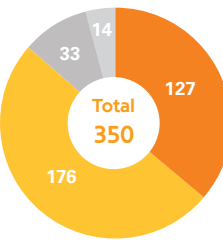
Current Status of Employees

(Unit: person)

	2014		2015	
	Male	Female	Male	Female
Full-time Employees	4,350	305	4,369	295
Contract Workers	847	36	760	40
Total	5,538		5,464	

Current Status of Recruitment

(Unit: person)



Experienced New Recruit  
Internship Flextime System

**Pursuit of Diversity**\_\_\_\_Hyundai E&C has been consolidating its global competitiveness through improving the diversity among employees. By hiring more local talents at overseas sites, we are executing projects successfully. Moreover, we further expanded the local recruitment for manager positions through a newly-established Global Human Resources Management System in 2015. To advance the diversity at workplace, we have constantly increased the recruitment ratio for female, foreign workers, men of national merit, and individuals with disabilities every year. As a part of these sincere efforts, we require every new domestic site to recruit at least one individual with disabilities since 2014 fulfilling the corporate social responsibility.

Fair Appraisal and Compensation

Hyundai E&C strives to accurately evaluate the job capability of employees through the fair appraisal; the compensation system is being operated based on the appraisal result contributing to the improvement of individual and organizational performance.

**Appraisal**\_\_\_\_Since introduced a HR system based on the Management by Objective (MBO) in 2012, Hyundai E&C has been developing capabilities of employees in aspects of performance achieved, strength, and improvement; an education about the performance management is being provided to key relevant personnel for the fair appraisal. Moreover, we established an environment of the accurate evaluation and fair compensation by advancing performance management processes such as 'goal-setting,' 'mid-term evaluation,' and 'final evaluation.' In 2016, we further developed the appraisal system through expanding the period to review and approve the goal setting from one week to two weeks.

**Compensation**\_\_\_\_We are operating a performance-based compensation system according to results of performance evaluation. Through a Promotion Point Program, in particular, we have secured the transparency and fairness of the promotion system and thus encouraged employees by enabling the promotion based on the individual performance and capability. In 2016, Hyundai E&C will reinforce the compensation system based on actual performances by increasing the amount of incentives in accordance with evaluation results while reflecting departmental performances to incentives as well. Additionally, we guarantee the gender equality; the individual wage may vary depending on one's position and working condition but never on the gender. We will continue to advance the HR system to maximize employee values.

Recruitment of Social Minorities

(At HQ / As of DEC 31, 2015)

Individuals with Disabilities 103 persons

Men of Merit 101 persons

Foreigners 19 persons

We Will Lead the World as Employees of Hyundai E&C with Great Pride



2016 Global Talent Program

In order to advance the capability and the sense of belonging of foreign employees working at overseas sites, Hyundai E&C has promoted the 'Global Talent Program' since 2015 inviting excellent foreign employees to Korea. In 2016, total 33 foreign employees came to Korea and visited the headquarters, Research and Development (R&D) Division, and Green Smart Innovation Center for four days experiencing the core values of Hyundai E&C and raising their pride in the company. We will constantly implement a range of human resource development programs for foreign employees so that they can grow into the most capable talents in the world.



Teo Yen Ling Janice

Singapore Branch Office

I am very glad to participate in the Global Talent Program as a member of Hyundai E&C. I was deeply impressed by the Green Smart Innovation Center where the R&D for new technology is being conducted to realize the future zero-energy environment. I was able to feel that our company is considering foreign employees as such precious human resources. I hope that foreign employees and the company can grow further together.



Jeffery Tamayo Viray

The Hamad Medical City, Qatar

I have felt proud to be an employee of Hyundai E&C and now I feel even prouder after participating in the Global Talent Program. During the program, I became more aware of the global vision of Hyundai E&C recognizing a need to further develop my own capability for the corporate vision. I will sincerely assist the company to turn into the world's leading construction company through the global teamwork.



## Program to Nurture Global Talents

**Development of Global Capability**\_\_\_\_For the successful execution of overseas projects, Hyundai E&C is striving for enhancing the global capability of employees through language education, education for global work capability, and education for employees at overseas sites. For instance, we assist employees to learn foreign language by operating language classes of Spanish and Russian and special English educations. Through the leadership training and Global Leading Company Training Program, we help our employees grow into global leaders. To reinforce the capability to execute overseas projects, more various programs are to be promoted in 2016 such as the 'education for cultivating expatriates' and 'language class via web/phone.'

**Cultivation of Construction Experts**\_\_\_\_Through the e-HRD (Human Resource Development) system, we are cultivating the world's best construction experts by establishing the advanced education system and providing necessary training programs by jobs, positions, and groups contributing to the customized capability development. Besides, we have endeavored to develop our experts into in-house lecturers disseminating the expertise acquired from on-site works. In 2016, total 114 in-house training courses will be provided to 4,585 employees.

**Integrated Group Training**\_\_\_\_We have been offering an integrated training in all educational courses for generating synergies by the incorporation into Hyundai Motor Group. Especially, an Employee Opinion Survey has been regularly conducted to provide trainings that satisfy employees' needs. We also continuously expand opportunities for employees to receive common job training and education for leaders. As of December 2015, the total number of FTEs (Full-time Employees) is 4,664 while training hour per person is 95 hours and training expenditure per person is KRW 0.91 million.

## Policy to Protect Human Rights

**Compliance with Human Rights and International Standards**\_\_\_\_As a responsible global construction company, Hyundai E&C publicly endorses global standards on human and labor rights such as the United Nations' Universal Declaration of Human Rights, ILO Conventions, OECD Guidelines for Multinational Enterprises, Global Sullivan Principles, and UN Guiding Principles on Business and Human Rights. Since joined the UN Global Compact in 2010, we have complied with the ten principles of the UN Global Compact (UNGC) in the areas of human rights, labor, environment, and anti-corruption and aggressively participated in international corporate activities for the social responsibility.

**Activity and Monitoring for Protection of Human Rights**\_\_\_\_Based on the Labor Standard Act, Hyundai E&C strictly prohibits child and forced labor and establishes human right protection standards to prevent the religious or racial discrimination at overseas sites through various supporting systems. Furthermore, Hyundai E&C developed a human right risk framework based on UN Guiding Principles on Business and Human Rights; we analyze the human right risk exposure of all projects every year to prevent the abuse of human rights. Thanks to these multidimensional efforts, Hyundai E&C incurred neither restrictions nor accusations in regard to human rights in 2015.

## Hyundai E&C Is Leading the Information Era through Knowledge Management System

Since 2003, Hyundai E&C has been operating an IT-based Knowledge Management System (KMS) for an efficient use of information; as of February 2016, total 68,128 items of knowledge and 7,333 cases are stored in the knowledge database. The KMS subdivides knowledge into diverse sections such as knowledge management, case management, and Q&A enabling an easy information search by users. Consequently, the number of annual views has reached 735 thousands. In 2015, on the other hand, Hyundai E&C developed and applied a Case Application System (CAS) to 40 sites for the prevention of failures; the CAS contains about 6.5 thousands best and worst practices. The A-Dic (Abbreviation Dictionary) has been created for employees at overseas sites to search for construction abbreviations easily and its convenience has been proved with a record of 36,246 views as of February 2016.



Case Application System (CAS)

## MANAGEMENT & STRATEGY

It is a driving force of the sustainable corporate growth to guarantee a better quality of employee's life and build a joyful workplace. Hyundai E&C is creating a family-oriented corporate culture which is also based on the trust and open communication for a pleasant company where employees can balance their life and work.



## Attractive Workplace

**Work Smart**\_\_\_\_In order to build an environment where employees can voluntarily work with a creativity, Hyundai E&C has introduced a 'Work Smart' campaign in June 2014. We conducted interviews with employees and surveys in 2015 for three months before initiating the campaign so that employees can check their way to work by themselves. Hence, we were able to identify inefficient problems and define the five key tasks for our company. For example, 'Standing Meeting to End Work' is being implemented to eradicate unnecessary overwork; team leaders hold a brief meeting with team members to round off the day at 6:15 p.m. and let them leave the office right after the meeting. It has been test-operated throughout the company since May 2015 contributing to the establishment of a culture that employees can leave the office on time. Hyundai E&C will endeavor to improve the work productivity and satisfaction by continuously promoting the 'Work Smart' campaign.

### Five Key Tasks of Work Smart in 2015



**Care for Employee's Life Cycle**\_\_\_\_We are operating an employee benefit system specialized for an employee's life cycle for the joyful work environment and better quality of life. An employee benefit point system is being operated for all employees while they can choose diverse benefits according to their needs, such as health management, self-development, and culture/leisure programs. In 2015, furthermore, we opened an online Employee Benefit Mall and thus increased a convenience for employees to use their benefit points online even at overseas sites. In addition, we assist employees to enjoy their leisure by encouraging the use of HDEC vacation facilities including Haevichi Resort, Daemyung Resort, and Hanwha Resort while offering apparels for outdoor leports activity. We will promote advanced employee benefit systems reflecting needs of the era for our employees to pursue a work-life balance.

## We Protect the Mental Health by Employee Healing Program (EHP)

Since September 2015, Hyundai E&C has operated a corporate employee benefit system, Employee Healing Program (EHP). The existing employee communication channels such as Employee Counseling Center (ECC) and online recommendation menu are concentrating on issues related to the company. On the other hand, however, the EHP covers a wide variety of issues including marital problem, child raising, interpersonal relationship, and financial/legal problems. Contents of consultations are being kept confidential in accordance with the Framework Act of Labor Welfare, Article 83. Hyundai E&C will try its best for its employees to have time for thinking back on themselves and thus pursue far more active life.



Consultants of Employee Healing Program (EHP)



## Achieving Work-life Balance

**Women-friendly Workplace**\_\_\_\_Being deeply interested in the low birthrate problem of the Korean society, Hyundai E&C has focused its efforts on creating a women-friendly work environment so that women can attain the self-realization through a work-life balance. Also, we supports female employees through various programs including childbirth and parental leaves. In 2015, 14 female employees used the 90-day maternity leave and 192 male employees used a paid paternity leave. For all of 206 employees returned to work after the leave, the returning rate of 2015 is 100%. Besides, Hyundai E&C also provides financial supports to employees whose family has a difficulty to get pregnant.

**Healthcare Support**\_\_\_\_To assure the pleasant work environment and employees' health, we are operating the in-house medical center and conducting a regular medical check-up service for employees. In 2014, we visited domestic sites to provide medical services which contributed to a significant increase in the percentage of employees receiving medical check-up, from 60% to 94% of total employees. In 2015, KRW 1.95 billion was invested in the comprehensive medical check-up for 5,899 employees and their families. In 2016, Hyundai E&C will introduce new check-up methods such as adding check-up items, conducting genetic test, and analyzing cell activation. Thus, we will be able to further advance the quality of the medical check-up improving the convenience through the expansion of check-up facilities.

**Stable Pension Plans**\_\_\_\_Hyundai E&C has been operating retirement pension plans since 2011; employees can choose to receive their retirement savings either as one-time payment in defined-benefit or defined-contribution pension type or as a pension plan. We will build a reliable company by operating the retirement pension plan as well as continuously increasing the pension amount so that stable later years of employees are guaranteed.

### Corporate Culture of Open Communication and Trust

**Enhancement of Employee Communication**\_\_\_\_Based on the creative, human-centered corporate culture that prioritizes the communication and trust, Hyundai E&C implements systematic activities to enhance employees' sensibility by improving the quality of life and enhancing the communication within the company. Through various communication channels, hence, we carefully listen to difficulties and enquiries of our employees. Through the annual Two-day Workshop for all employees at the headquarters, we encourage a free discussion identifying improvement points and gathering diverse opinions and thus endeavor to create a pleasant workplace. Since 2015, besides, we have been operating an Employee Counseling Center (ECC), an on/offline counseling center for employees, to increase the work engagement and corporate productivity by solving employees' problems.

Two-day Workshop



**Next Leader Board**\_\_\_\_Next Leader Board is a young 'Idea Bank' of Hyundai E&C that has been operated for leading the innovation of management and advancing the corporate culture. Established in 1990, its name was changed to Next Leader Board from Junior Board in 2016; it is striving to cultivate innovative talents and build a corporate culture of trust. Through the discussion with the CEO, the Next Leader Board is conveying the philosophy and managerial plans to the entire company and presenting employees' opinions and recommendation functioning as a communication channel of the company. In order to develop qualifications of young leaders, moreover, it is actively promoting various activities such as 'Education for Fostering Leaders,' '2015 Sending Clothes to East Timor' campaign, and regular workshops.

**Trust between Labor and Management**\_\_\_\_Hyundai E&C has devoted for the corporate culture that considers harmony and trust between labor and management as one of top priorities. Thus, it guarantees an employee's free join or withdrawal from the Labor Union based on Article 3 and Article 5 of the Collective Agreement in the Labor Union Act. According to the duty to notify articulated on Article 10 of the Collective Agreement, furthermore, it is a compulsory principle to immediately give notice to the labor union in advance regarding significant changes in the business such as organizational restructuring. As of December 2015, 900 employees are members of the Labor Union and subject to the protection by the right of collective bargaining. The figure counts 16% of the 5,464 employees who are qualified to join the Union.

**Increase of Employee Engagement**\_\_\_\_In order to assess the level and factors of the corporate culture affecting the work and performance of employees, Hyundai E&C has conducted an annual Employee Engagement Index (EEI) since 2011. In 2015, it was further developed into an 'Employee Influence Factor Index' that focuses on not only the work environment but also the improvement of corporate culture. Through the Index, Hyundai E&C has identified corporate member, organization, and system as factors affecting employees and executed the survey and shared the result with all employees via email and groupware. Based on divisional survey results, likewise, areas that need to be improved first have been selected and thus total 35 execution plans have been established and promoted; results of the plans executed are reflected to divisional KPIs for encouraging further improvement.

**Hyundai E&C Newsletter on Facebook**\_\_\_\_For employees at domestic as well as overseas sites to communicate in an easy and interesting way, we are operating a company newsletter page on Facebook, Hyundai E&C Today. We will hold various events for not only our employees but other followers and continuously diversify contents of postings aiming to build a platform of true communication.

23rd Next Leader Board,  
The Driving Force of Change



Web

Hyundai E&C Today on Facebook  
[www.facebook.com/hyundaiencntoday](http://www.facebook.com/hyundaiencntoday)

### Family-oriented Corporate Culture

#### Employee Participation Programs

Through diverse employee participation programs, Hyundai E&C is striving for the sense of belonging and loyalty of employees. We assist new employees to become accustomed to the company and present their capability by providing mentoring workshops and lectures by celebrities. Moreover, employees are able to cultivate their knowledge in the humanity through the 'Humanity Concert on Core Values' that provides lectures of experts in diverse fields. As one of programs for a joyful workplace, we held the '2nd Find Hidden STAR!' in 2015 with a wider scope of applicants than the previous year covering affiliates in the construction industry as well. The 'Find Hidden STAR!' event is an in-house audition to find talented employees functioning as a communication channel for employees. In addition, an Employee Healing Program (EHP) was introduced in September 2015 for supporting the treatment and prevention of stresses through consultations.

- ① Lecture by CEO for New Employees
- ② Humanity Concert on Core Values
- ③ 2nd Find Hidden STAR!



#### Family Participation Programs

Hyundai E&C operates a range of family participation programs to build a warm corporate culture to communicate with employee families as a part of 'Joyful Workplace' campaigns. For instance, 'Daddy Treats Today!' program, which has been popular among employees, assist employees to visit school of their children and spend meaningful time with the children and their friends. Also, employees' children came visit sites in December 2015 and had time to understand their parents better. Additionally, we encouraged our employees at sites in Latin America by delivering letters from their families. Through these multidimensional efforts including providing 'Family Day' biweekly and encouraging employees to use their annual vacations, Hyundai E&C is striving for the work-life balance.

- ④ Letter of Love from Family to Latin American Sites
- ⑤ Site Visiting by Employee Family
- ⑥ Daddy Treats Today!



# Strengthening Safety Management System

## MANAGEMENT & STRATEGY

The safety management is an essential factor for a sustainable business. The top management of Hyundai E&C has been leading the cultivation of HSE (Health, Safety, Environment) spirit of Hyundai E&C's every member and realization of the 'TOTAL SAFETY' to create a safe work environment where employees can feel relieved.



## Establishment of Infrastructure for Safety Management

**Safety Management Policy**\_\_\_\_With the safety management as the first goal of the corporate management, Hyundai E&C has devoted for settling the safety culture. Therefore, the HSE Policy and Objectives are established on an annual basis to prevent industrial accidents while implementing systematic inspections and training for a safe work condition. In 2015, we greatly innovated the HSE system by intensifying the safety organization and inspection and expanding the training and investment through a comprehensive safety management plan. For taking a leap as a leading company in the safety management who presents the best practice, we are also establishing and executing long-term safety management targets and strategies. Under a slogan of "We Build Safe Tomorrow Together" we will enact the HDEC Safety Fundamentals and promote mid- to long-term safety management policies in 2016 aiming to reduce the accident rate by 40% until 2018 compared to the level of 2014.

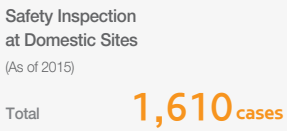
### Mid- to Long-term Safety Management Strategies

Mid-to Long-term Strategy	Establishing HDEC's own safety culture with 「SAFETY」 as the top priority <b>"We Build Safe Tomorrow Together"</b>	
Mid-to Long-term Target	Accomplishing a target to decrease the LTIR* by 40% until 2018 compared to the level of 2014 <b>→ Achieving the "Global Best" LTIR in 2018</b>	
Key Task	<b>Innovating Safety Awareness</b> <ul style="list-style-type: none"><li>Enacting HDEC Safety Fundamentals</li><li>Promoting corporate-wide campaign to advance safety awareness based on HDEC Safety Fundamentals</li></ul>	<b>Establishing HSE System of Global Top Level</b> <ul style="list-style-type: none"><li>Establishing advanced integrated HSE System</li><li>Improving IT-based HSE System</li></ul>

\* LTIR : Lost Time Incident Rate

**Safety Management System**\_\_\_\_With OHSAS 18001 certification which is an international OHS standard, Hyundai E&C has been operating a safety management system according to international standards. Especially, a Safety & Health & Green Environment Management System that integrates the management of safety & health, green, and energy has been in place since 2012 for a further efficient management of sites. In addition, Hyundai E&C identifies safety risks in advance by operating the HSE teams for each business division, which are dedicated for the safety management. The safety management performance of each site is also reflected to the KPIs of not only site managers but team/part leaders. Hence, Hyundai E&C will consolidate a foothold for a safe work condition by cultivating employee's awareness of safety. In 2015, we assigned additional technical staffs from diverse fields to the HSE Innovation Team and safety teams of business divisions and thus enhanced the Technical Safety of Construction based on experiences in construction. An autonomous safety and health system of subcontractor has been also set by making it mandatory to deploy their own safety manager.

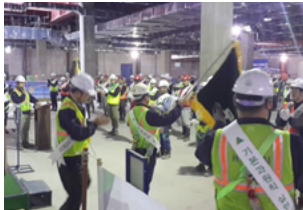
**Enhancement of Safety Inspection**\_\_\_\_In order to monitor the safety management at domestic and overseas sites and to prevent accidents, we have been reinforcing the safety inspection. In 2015, safety inspections for executives including the top management were conducted to encourage employees. Launched a petrol inspection, we further enhanced the accident prevention activity by checking the usual safety management status at sites through spot inspection arousing attention. Also, we are carrying out the thorough management by a real-time monitoring system for sites (OCTV). In 2015, total 1,610 cases of safety inspections at domestic sites were conducted; the figure is 13.7% higher than the 2015 target, 1,416 cases. In 2016, we will expand the safety inspections for the executives and implement weekly joint safety inspection while settling the safety management at overseas sites through the safety inspection of and training about construction equipment.



## Reinforcement of Safety Management Activity

**Monthly Safety Campaign**\_\_\_\_Through the monthly 'Monthly Safety Campaign' at all sites around the world with the top management attending, Hyundai E&C not simply inspects the on-site safety management but also increases the awareness of the accident prevention delivering its strong will to realize the zero-accident. Hyundai E&C will check the compliance with HSE standards and the status of inspection for risk factors and establish strict precautions for the safety at sites by continuously advancing the regular Monthly Safety Campaign event. Also, we will contribute to the zero-accident through a range of inspection themes encouraging all employees to participate in.

### Monthly Safety Campaign



**Improvement of Top Management's Safety Awareness**\_\_\_\_By holding the Comprehensive Safety Meeting for the top executives on a quarterly basis, we have been strived to advance executives' mind on the safety management and settle the corporate culture where a top priority is on the safety. At the Comprehensive Safety Meeting, executives establish HSE strategies by analyzing the corporate-wide safety performance, preparing measures, and sharing key plans for each business division. Additionally, we provided the safety leadership training to the top executives in 2015 where total 76 people including the CEO and executives at the headquarters participated and sympathized with the importance of the safety-first management. Hyundai E&C will keep improving the leadership by the top executives in the safety area through the persistent promotion of the Comprehensive Safety Meeting for the top executives and safety leadership training.

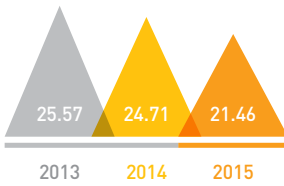
**Permit to Work (PTW)**\_\_\_\_Permit to Work (PTW), an accident prevention system of Hyundai E&C, requires to obtain a permit to work in advance by establishing a safety measure for all possible risk factors of every work executed at sites. If a work did not receive the PTW or execute safety measures as stated in the PTW document, it is subject to restrictions such as an immediate halt. Hyundai E&C enhanced the efficiency in delivering information and communications by visualizing the safety information. Furthermore, we share and conduct training about the result of risk assessments by providing employees with One Page Sheet (OPS) by works and connecting it to the daily Tool Box Meeting. In 2016, we plan to use a QR Code that can be viewed via mobile devices for increasing the efficiency of monitoring and work while reviewing a check list about a Risk Reduction Plan to prevent accidents.

**HSE Training**\_\_\_\_We are implementing regular HSE trainings for all employees and subcontractors with an aim to advance the awareness of the safety and environment. In 2015, we expanded the training scope to cover the top executives and thus provided the safety leadership training; the total number of trainees in 2015 was 3,172. In particular, we developed a standard training plan about the key six dangerous works to provide trainings suitable for the level of employees and to improve the training effect. Hyundai E&C will innovate the awareness of the safety by enacting safety regulations and maximizing the effect of the HSE training with a new HSE Guidebook for managers in 2016.

**Decrease of Accident Rate**\_\_\_\_The accident rate of Hyundai E&C in 2015 substantially decreased to 0.14%, which is 48% lower than 0.27% of 2014. Thanks to the significant decrease of accidents, we have been able to establish a safe work environment generating economic values such as the reduction of OHS insurance expenses. The annual OHS insurance expenses of Hyundai E&C were KRW 25.57 billion in 2013 and it decreased to KRW 24.71 billion in 2014 and KRW 21.46 billion in 2015, which has decreased by total KRW 4.11 billion. We will keep endeavoring to put the safety of our employees as the top priority realizing the sincere safety management.

### Decrease of OHS Insurance Expenses

(Unit: KRW billion)



## Hyundai E&C is Attaining Meaningful Fruits of Its Efforts for Safety Management

### Attaining Zero Accident at Domestic Sites in 2015

Hyundai E&C's devotion for the safety management has earned momentous performances: in 2015, Hyundai E&C incurred no accident achieving a record of 'Zero Accident' with a 50% decrease in general safety accidents compared to 2014. By a 'Preapproval for Work' system especially for weekend and holidays that the accident rate gets high, we were able to reduce accidents on holidays by more than 65%. On the other hand, an 'Incentive for Safety Inspection' system has contributed to excavating and supporting subcontractors that are excellent at managing safety. Hyundai E&C will continue to establish zero-accident sites through intensifying the safety management for the prevention of accidents and improving the system in order to avoid unnecessary loss of lives.

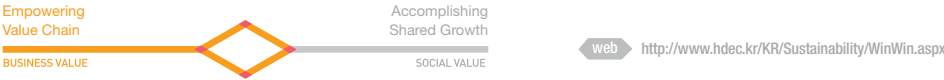


Safety Inspection by CEO



MANAGEMENT & STRATEGY

Suppliers are the most essential partners of Hyundai E&C. For accomplishing the shared growth, Hyundai E&C provides comprehensive supports for the finance, education, and technology development of suppliers. Moreover, we have established the sustainable supply chain management system while discovering capable suppliers and endeavoring for enhancing their competitiveness.



Expansion of Shared Growth System

Increasing the competitiveness and managerial stability of suppliers is a foundation for the sustainable growth of Hyundai E&C. We are striving to stabilize the management of our suppliers through financial supports while attaining the shared growth with suppliers by the cooperation for the technology development and educational supports.

**Shared Growth Management for Suppliers**\_\_\_\_Hyundai E&C has been devoting to the shared growth management through the enhanced communication and cooperation with suppliers as their companion by providing supports for the finance, education, and technology development and operating communication programs. Thanks to diverse efforts, Hyundai E&C achieved an award from the Minister of Land, Transport, and Maritime Affairs at the 'Awards for the Promotion of the Construction Industry's Cooperation 2012.' In addition, we accomplished the highest rating receiving more than 90 points at the 'Evaluation of Joint Cooperation among Construction Companies 2013' for two consecutive years. The MLTM's Evaluation conducted by the Ministry of Land, Transport and Maritime Affairs (MLTM) annually evaluates the performance of the cooperation by industry players to create the environment for the joint cooperation and shared growth between integrated and special contractors as well as between large corporations and SMEs. Hyundai E&C, furthermore, was awarded the 'Awards for the Promotion of the Construction Industry's Cooperation 2015.'

Activities for Shared Growth Management

Realizing Shared Growth through Cooperation

**Joint Technology Development and Joint Overseas Advancement**

- Delivering shared growth through transfer and sharing of technology
- Jointly conducting overseas projects by providing opportunity to enter global market
- Cultivating suppliers for their stable performance in receiving orders

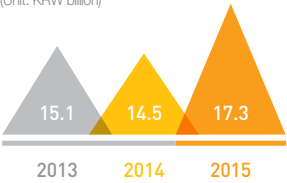
**Educational Support and Satisfaction Survey**

- Developing and providing ethical management education to suppliers
- Establishing annual shared growth plan through supplier satisfaction survey
- Assisting suppliers to settle ethical management system

**Operation of Information System for Cooperation**

- Changing bidding/contract/payment/guarantee tasks on-line
- Realizing transparent e-commerce and reducing in/direct costs by on-line contract process

Expansion of Financial Support for Suppliers  
(Unit: KRW billion)



**Financial Support for Suppliers**\_\_\_\_Hyundai E&C has been providing financial supports to suppliers that suffer from financial difficulties due to its weak financial base since signed the 'Joint Cooperation and Fair Trade Agreement' with suppliers in 2010. By arranging the Win-win Growth Fund of about KRW 20 billion with financial institutions, we assist suppliers to recover their financial difficulty. In 2015, we expanded the scope of institutes that operate the Win-win Growth Fund to Shinhan Bank, Woori Bank, Korea Exchange bank, and Industrial Bank of Korea. Thus, we were able to loan total KRW 17.3 billion using the Fund and provide an emergency fund of KRW 15.1 billion to 25 suppliers contributing to their liquidity. For practical aids for our suppliers, we make a full cash payment of under KRW 100 million to subcontracts within 13 days on an average. Hyundai E&C will continue to improve the financial stability of suppliers by developing various financial support programs.

**Support for Technology Development of Supplier**\_\_\_\_Transferring and sharing technology with suppliers through technological support programs, Hyundai E&C actively encourages suppliers to develop technology by themselves. For instance, we hold Hyundai E&C Technical Forum every year to offer a platform supporting the technology development in an 'Open Innovation' way which is the global trend. The Technical Forum is the only technology competition for the shared growth management by domestic construction companies. Hyundai E&C finds outstanding suppliers who develop new technology and methods, provides financial supports for applying patents, and promotes joint technological researches for collaborative patent applications. Winning suppliers are awarded R&D funds and incentives when registered as new suppliers. In 2015, total 15 patents of Hyundai E&C were released for free to suppliers advancing their technological capability.

**Educational Support for Suppliers**\_\_\_\_For assisting the substantial growth of suppliers, Hyundai E&C provides various practical educations about the quality, process, and ethics and supports suppliers to enhance the capability to execute overseas projects through educations required for the overseas expansion, such as taxation by countries. In 2015, a total of 927 suppliers received diverse training courses. With a Suppliers' Council, we have expanded educational supports by holding CEO seminars and quarterly shared growth seminars by work types for all registered suppliers.

Educational Support for Suppliers in 2015

Course Name	Trainees (person)	Benefitting Suppliers (company)
Education about Process of Construction Supplier	95	93
Education about Quality and Transparent Ethics	742	742
Education about Overseas Advancement	100	84
Education for Employees of Suppliers under Construction Association of Korea	8	8
Total	945	927

Quality and Transparent Ethical Training

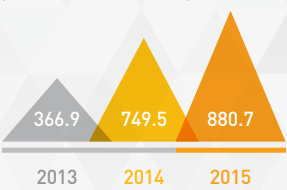


**Supplier Satisfaction** \_\_\_\_We have aggressively pursued the shared growth management by conducting the supplier satisfaction survey since 2009 to identify suppliers' requests and apply them to the management. Hyundai E&C developed its own survey system using VOC and IPA methods and optimized it to understand suppliers' actual needs and solve their difficulties. The supplier satisfaction survey is carried out on a semiannual basis; each supplier evaluates and gives opinions about Hyundai E&C according to provided indicators which cover from the selection process to the payment process; in 2015, we scored 82 points in the supplier satisfaction survey. Hyundai E&C will continuously endeavor to consolidate the foundation of the shared growth management by carefully listening to and applying voices of suppliers to actual tasks.

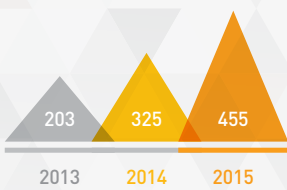
Hyundai E&C Assists Its Suppliers to Take a Big Step into International Markets

Hyundai E&C is implementing an Overseas Expansion Training Program to assist suppliers to penetrate into global markets. A number of suppliers have received trainings from Hyundai E&C; most of 455 suppliers that participated in the training between 2012 and 2014 were found to achieve their dream of entering the overseas markets. The total accumulated amount of overseas orders they won reached KRW 880.7 billion for the past four years starting from KRW 255.1 billion in 2012. We will persistently contribute to the capability development and revenue increase of suppliers through providing more opportunities of the Overseas Expansion Training Program with various programs such as inviting suppliers to overseas sites.

Revenue Increase of Benefitting Suppliers  
(Unit: KRW billion / Accumulated)



Benefitting Suppliers  
(Unit: company / Accumulated)





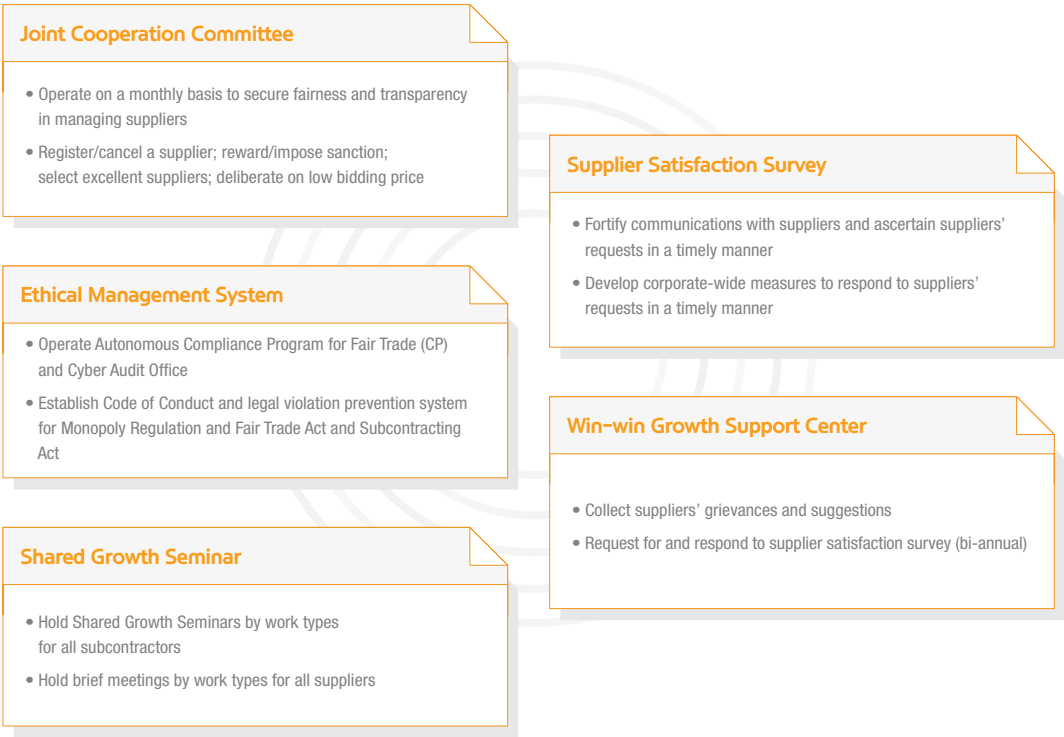
Shared Growth by Communication

Hyundai E&C strives to enhance the communication with suppliers by operating a range of communication channels. Consequently, a greater synergy has been generated through efficient partnerships and a strong sympathy.

**Hi-Partner** For assisting effective work of suppliers and reinforcing the cooperation, Hyundai E&C is operating a 'Hi-Partner' portal that is an information system for the cooperation with suppliers. All suppliers can attain various information such as electronic bidding, contract, tax invoice, guarantee, and payment through the system. Contract-related tasks are processed online as well contributing to the reduction of direct and indirect costs. Furthermore, we operate a Win-win Growth Support Center within the 'Hi-Partner' portal for gathering grievances and recommends of suppliers and thus applying them to works.

**Communication Channels** Hyundai E&C solidifies the cooperation with its suppliers by operating diverse communication channels: the Suppliers' Council is a regular consultative group to communicate with suppliers and composed of five subcommittees. It is responsible for collecting and reviewing suppliers' grievances and suggestions by communicating on a regular basis. Moreover, we conduct the shared growth seminar for all suppliers and carefully listen to their opinions through separate brief meetings by work types.

Supplier Communication Method



Hyundai E&C Paves a Road for Shared Growth through Communication

By holding brief meetings with suppliers for each division, Hyundai E&C has established a solid foothold for the shared growth management listening to voices of suppliers who will accomplish the growth together. At brief meetings in November 2015, total 79 suppliers participated for nine times covering 12 different parts such as steel, ready-mix concrete/equipment, construction, electricity, and facility. Participants discussed about their interests about each part and prospect of the domestic and overseas construction markets exchanging information about new technologies of various fields. Hyundai E&C listened to a variety of grievances suppliers have and thus set shared growth plans. We will keep enhancing the communication with suppliers through various channels.



Suppliers' Brief Meeting

Sustainable Supply Chain Management

By establishing the 'HDEC Sustainability Management Guideline for Suppliers' and efficient Supplier Sustainability Assessment system, Hyundai E&C has strengthened the supply chain management system of the best level among competitors.

**Policy for Sustainable Supply Chain Management** For the first among domestic construction companies, Hyundai E&C enacted the 'HDEC Sustainability Management Guideline for Suppliers' in October 2014 for the systematic and sustainable supply chain management. 'HDEC Sustainability Management Guideline for Suppliers' consists of three chapters: responsibility for sustainable business, responsibility for environment, and responsibility for stakeholders. Covering 64 items in 14 areas, it defines standards of the sustainability management which Hyundai E&C requires suppliers. In addition, the Guideline clarifies a strong will for Hyundai E&C to disseminate its sustainability management policy to the entire value chain.

HDEC Sustainability Management Guideline for Suppliers

( ): Number of items in each area

Chapter	Details	
Responsibility for Sustainable Business	Products and Services (3) Ethics and Human Right (4) Trade and Competition (9)	Internal Control (5) Asset and Information Protection (3)
Responsibility for Environment	Environmental Management System (4) Product and Service Process (5)	Sites (4) Response to Climate Change (4)
Responsibility for Stakeholder	Shareholder (5) Employee (6) Customer (3)	Business Partner (5) Local Community (4)

**Supplier Sustainability Assessment** In order to apply the 'HDEC Sustainability Management Guideline for Suppliers' to actual tasks, we developed the 'Supplier Sustainability Assessment Framework' and have conducted analysis of Environment, Society & Governance (ESG) risks since 2014. In 2015, we further enhanced the assessment system by intensifying indicators by areas in accordance with global trends. Especially, Hyundai E&C proactively identifies and monitors negative risks in economic, environmental, and societal aspects that can occur within the supply chain with advices of external experts. Therefore, we have sought for an efficient supply chain management and improvement of suppliers' sustainability.

**Settlement of Supplier Selection System** For the fairness in selecting suppliers, we operate supplier registration and selection processes in a transparent manner. Besides, we conduct evaluations separately for the existing core suppliers and new suppliers to cultivate outstanding suppliers. In selecting suppliers, we also require suppliers to observe environmental, safety, and health policies by designating it as a contract term. Through the Low Bid Deliberation System, additionally, we prevent the excessively low bidding and thus guarantee reasonable profits of suppliers and encourage the managerial stability of suppliers.

**Reinforcement of Capability of Global Supply Chain** It is necessary to discover and manage capable local suppliers in a timely manner for the penetration into the global market and diversification of global businesses. Accordingly, Hyundai E&C established a 'Global Sourcing Team' in 2013, which is a responsible organization for managing overseas suppliers; as a result, management of overseas suppliers conducted for each business division has been integrated at the corporate level. Likewise, a corporate-wide management system for overseas suppliers was developed in 2014 based on the ERP (company-wide resource management) system consolidating a foundation to execute overseas construction efficiently. Furthermore, by establishing an Overseas Partner's Information System in 2015, we advanced the system enabling an easy search of information about new and existing suppliers within the groupware. In 2016, Hyundai E&C is planning to conduct the verification of suppliers subject to the bidding from an early stage of a project so that qualified suppliers participate in the bidding. Also, we will stay in close contact with our suppliers by sending newsletters and visiting suppliers.

Overseas Partner's Information System





# Creating Shared Value through Social Contribution

## MANAGEMENT & STRATEGY




Hyundai E&C is faithfully delivering a social responsibility as a global leading construction company by promoting diverse social contribution projects based on industrial characteristics in overseas countries where we operate business. We will realize a harmonious future where corporations and the society can coexist in a balanced way by accomplishing the shared growth with domestic and global local communities in various fields such as education, environment, and the culture.



## Social Contribution System

**Strategy**\_\_\_Hyundai E&C has been significantly contributed to local communities through its three sharing activities to fulfill the corporate social responsibility. In addition to the launch of a Community Service Corps for the first in the construction industry in 2009, social contribution activities are being executed in three key areas: 'Sharing Love' to improve the living environment and to advance the social welfare, 'Sharing Hope' which is a scholarship program such as Hillstate Dream Mentoring Corps, and 'Sharing Culture' to introduce the Korean history and culture and support art business. In particular, we further expanded the mentoring activity by initiating the Hillstate Dream Mentoring Corps in 2015, a volunteering group run by the talent donation of our employees for the first in the industry.

### Three Major Social Contribution Activities

 <b>Sharing Love</b> Support for Social Welfare	 <b>Sharing Hope</b> Support for Education & Scholarship	 <b>Sharing Culture</b> Protection of Cultural Assets
<ul style="list-style-type: none"><li>· Social contribution activities in developing countries</li><li>· Activities for overseas Improvement of residential environment (Home Repair Road)</li><li>· Collecting Coins of Love campaign</li></ul>	<ul style="list-style-type: none"><li>· Support of underfed children in local communities</li><li>· Mentoring activity by talent donation for local community</li></ul>	<ul style="list-style-type: none"><li>· Restoration work for cultural assets</li><li>· Establishment of volunteer centers in national parks</li></ul>

**Hyundai Motor Group's Social Contribution System**\_\_\_To deliver further sincere social contribution for communities, Hyundai E&C has participated in the six Moves of Hyundai Motor Group with its affiliates. Moreover, we consolidated a social contribution system in accordance with the KPIs newly established for each Hyundai Motor Group's affiliate.

### Hyundai Motor Group's Social Contribution System

 <b>EASY MOVE</b>	Improving mobility of the underprivileged in social/traffic aspects	 <b>SAFE MOVE</b>	Promoting safe traffic and society	 <b>HAPPY MOVE</b>	Encouraging employee and customer engagement
 <b>GREEN MOVE</b>	Protecting environment and responding to climate change	 <b>DREAM MOVE</b>	Generating jobs to assist independence	 <b>NEXT MOVE</b>	Conducting social contribution business using corporate capability

## Performance of Social Contribution

**Organization & KPI**\_\_\_Launched the Community Service Corps in 2009 where employees and employee families participate altogether, we have actively implemented systematic social contribution activities in Korea and in foreign countries where we operate business. Besides, we are executing the volunteer mileage program to encourage the employee engagement while the performance has been reflected to divisional KPIs being managed efficiently. In 2015, the KPI evaluation was conducted twice promoting the corporate-wide participation; points given by the KPI evaluation will further increase to 2 to 4 points from 1 point and thus inspire more employees to volunteer. Moreover, we achieved the corporate average of 11.3 miles exceeding the annual goal of average 10 miles in 2015.

Logo & Slogan of Hyundai E&C Family Community Service Group



INTRO

ECONOMIC  
VALUE CREATION

ENVIRONMENTAL  
VALUE CREATION

**SOCIAL  
VALUE CREATION**

APPENDIX











2016 HYUNDAI E&C  
SUSTAINABILITY REPORT

**Enhancement of Overseas Social Contribution**\_\_\_Starting from the establishment of a community center for the low-income class in Philippines in 2011, Hyundai E&C has actively promoted 27 social contribution activities in 15 countries such as Kenya, Kazakhstan, and Mozambique; activities include health hygiene, scholarships, cultural exchange, and relief for the poor. Also, we gradually increased the budget for the overseas social contribution activities which reached KRW 700 million in 2015 from KRW 320 million in 2013. In 2016, Hyundai E&C completed the construction of Vietnam Hyundai & KOICA Dream Center Project with Hyundai Motor Group which is the first global CSV project in the construction industry. Following the achievement, we will continue our sharing activities in diverse countries such as Myanmar, East Timor, Philippines, Chile, Sri Lanka, and Indonesia.

**Leadership in Global CSV Business**\_\_\_Vietnam Hyundai & KOICA Dream Center that was completed in February 2016 is the starting point of Hyundai E&C's global CSV business. Through the Center which is the first CSV project of the construction industry, we provide not only equipment for practices but also professional education by safety and piping/welding experts for developing the local community and cultivating construction talents simultaneously. Also, the education program was registered as a course about the safety in construction at a college in Vietnam for the first time; the first trainee group will complete the course in the latter half of 2016 and courses for local employees will be additionally provided expanding the scope of supports. Far beyond offering financial donations, Hyundai E&C will endeavor to take its responsibility and role for the company and the society to grow further together by identifying global CSV businesses of Hyundai E&C.

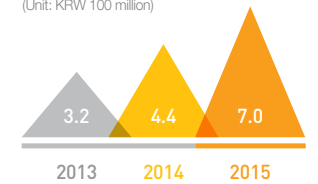
### International Social Contribution Activities in 2016



Southeast Asia	Central Asia	Africa
 <b>Vietnam</b> (Hanoi) Constructing Technology School (safety, piping, welding) Period: 3 years (2015-2017)	 <b>East Timor</b> <small>NEW</small> (Cova Lima; Suai) Improving quality of drinking water and hygiene in rest rooms in Loro Village, Suai Period: 8 months (APR 2016-DEC 2016)	 <b>Uzbekistan</b> (Qarshi) Repairing local middle schools Period: 2 years (2015-2016)
 <b>Indonesia</b> <small>NEW</small> (Jakarta; Tangerang, Banten) Jakarta: Improving water quality and hygiene Tangerang, Banten: Improving living environment Period: 1 years (FEB 2016-DEC 2016)	 <b>Myanmar</b> <small>NEW</small> (Yangon) Remodeling elementary schools Providing solar power flashlight Period: 11 months (FEB 2016-JAN 2017)	 <b>Uganda</b> (Jinja) Providing 1,000 solar power flashlights Building new middle schools Period: 2 years (2015-2016)
 <b>Philippines</b> <small>NEW</small> (Manila; Iloilo Province) Manila: Providing solar power flashlight Iloilo Province: Providing water purification facility Period: 10 months (MAR 2016-DEC 2016)	 <b>Sri Lanka</b> (Colombo) Constructing Technology School (Heavy construction equipment course) Period: 3 years (2015-2017)	 <b>Colombia</b> (Bogota) Repairing local orphanages Period: 3 years (2014-2016)
	 <b>Chile</b> <small>NEW</small> (Chiloé Island) Providing hygiene education to 150 households and building houses for the poor class Period: 2 years (2016-2017)	

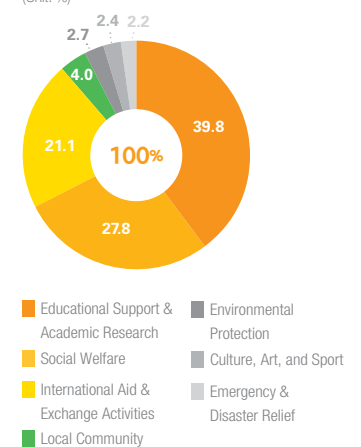
### Scale of Overseas Social Contribution Business

(Unit: KRW 100 million)



### Breakdown of Donations

(Unit: %)



### Asia

Vietnam Hyundai & KOICA Dream Center:  
Initiation of Construction, Vietnam



### Africa

Provision of Solar Power Flashlights, Uganda



### Latin America

Opening of Happy Home School, Colombia







# 2015 Hyundai E&C Social Contribution Highlights



## SHARING LOVE

With the characteristics of the construction industry, Hyundai E&C has promoted 'Sharing Love' activities that are to increase the public interest of local communities and overseas underdeveloped countries and to improve the residential environment of low income families. Starting from building a community center in Philippines in 2011, we have actively implemented overseas social contribution activities in developing countries where we are operating business and thus contributed to the community development returning profits to local communities. By expanding benefitting countries and budget in 2015, we conducted social contribution activities with about KRW 700 million in six different countries. In 2016, we will further intensify our global CSV projects through advancing domestic activities according to the new social contribution strategy of Hyundai Motor Group as well as providing more aids to earthquake-ravaged regions in Ecuador and Sarulla, Indonesia.



## SHARING HOPE

In order to offer educational and emotional supports to children and teenagers in Korea and foreign countries, Hyundai E&C executes 'Sharing Hope' activities: since 2009, it has helped undernourished children of low income families through 'Lunchboxes of Hope' while constantly improving the activity through surveys/evaluations for recurring participants. 'Hillstate Dream Mentoring Corps' launched in 2014 is also implementing mentoring activities to help teenagers study and determine their dream. In addition, the '5th Home Repair Road' volunteered in five areas with about 90 college students in 2015 to improve the living environment of seniors living alone in remote areas. We also invited the participating college students to actual sites and our work mentoring meetings. We will continue to link volunteer works with opportunities to experience on-site tasks in 2016.



## SHARING CULTURE

'Sharing Culture' activities concentrate on preserving our environmental and cultural treasures as well as on promoting arts for the culturally isolated group. Since signed the 'One Keeper for Every Cultural Asset' agreement with the Culture Heritage Administration in 2005, we have implemented various activities to preserve cultural assets. For instance, we are currently executing a restoration project of Geumcheongyo, a bridge within Changdeok Palace. In 2015, about 1,000 employees and employee families participated in the activity. Additionally, Hyundai E&C initiated an 'Improvement of Scenery in Bukchon Village' project to advance the aesthetic view of the local community. With help of employees and their families, we repaired worn-out walls of Gyedong Elementary School near the headquarters and drew murals on the wall using traditional pattern of Korea. By conducting a satisfaction survey for participants, we will persistently advance the activity and strive to improve the scenery of Bukchon Village.



### Collecting Coins of Love

Through the Collecting Coins of Love campaign, Hyundai E&C's employees have voluntarily collected part of their salaries every month and donated to the domestic and overseas underprivileged since 2009. In 2015, a total of 2,839 employees participated in the campaign donating KRW 341.72 million. The donated funds were utilized for diverse activities in Korea and other countries, such as providing financial supports for medical operations of children with severe disabilities, repairing houses of the vulnerable, and improving the quality of drinking water in underdeveloped countries.



### Overseas Social Contribution Activities and Happy Move Volunteer Corps

Implementing social contribution activities in counties such as Chile, Indonesia, and East Timor, Hyundai E&C is faithfully delivering its social responsibility as a global company. In accordance with the social contribution strategy of Hyundai Motor Group newly established in 2015, we are promoting global Happy Move volunteering works with the participation of not only our employees but customers providing systematic supports to overseas underdeveloped countries. By increasing the budget and expanding the scope of beneficiaries, Hyundai E&C will further strengthen the global social contribution activity.



### Hillstate Dream Mentoring Corps

'Hillstate Dream Mentoring Corps' was launched in 2014 as a volunteering group run by the cooperation of Hyundai E&C and science and engineering major college students for the first in the domestic construction industry. For supporting dreams of teenagers and providing long-term mentoring programs, employees of Hyundai E&C collaborate with college students and teenagers composing one team of a mentee, a mentor, and an employee mentor. In 2016, the third Hillstate Dream Mentoring Corps is to be launched for further systematic and efficient execution of educational social contribution activities.



### 5th Home Repair Road

Since established in 2011, 'Home Repair Road' has improved the living environment of seniors who live alone in remote and isolated areas by cooperating with engineering major college students. In 2015, about 90 students participated conducting the activity in five areas; and the number of participants and scope of areas will continue to increase. Moreover, Hyundai E&C will gradually expand the connection between the Home Repair Road activities and opportunities to experience on-site tasks for practical supports.



### Improvement of Scenery in Bukchon Village

To improve the image of Gyedong where has the history and traditions of Korea and thus develop the area into a beautiful tourist spot, Hyundai E&C newly launched an 'Improvement of Scenery in Bukchon Village' project in 2015 and conducted various activities. In 2016, we will improve the environment around Jeongdok Public Library, one of key landmarks in Gyedong, by making a mural with tiles. The Improvement of Scenery in Bukchon Village project will be the representative cultural CSR business of Hyundai E&C.



### Restoration of Cultural Properties

Since signed the 'One Keeper for Every Cultural Asset' agreement with the Culture Heritage Administration, Hyundai E&C has devoted the best effort to preserving the cultural assets in Korea. In 2015, about 1,000 employees and employee families participated in the restoration construction of Geumcheongyo within Changdeok Palace, a UNESCO World Heritage Site; the accumulated number of volunteers of the past six years has reached 3,000. Furthermore, we donated excavators for the restoration consolidating the foundation to protect the cultural asset.



APPENDIX

69

Financial Performance

70

Key Sustainability Indicators

72

Global Sustainability Partnerships

73

Greenhouse Gas Verification Statement

74

Third Party Assurance Report

76

GRI G4 Index

80

Sustainable Value Creation

81

Major Awards and Accolades / Memberships

Financial Performance

Consolidated Statements of Income [Condensed]



Key Sustainability Indicators

Area	Long-term Sustainability Target	Category	Measurement	2013	2014	2015	2016 (Target / Estimation)	2018 (Target / Estimation)
Long-term Sustainability Target								
Sustainability Management	Increasing Proportion of Climate Change Products	Long-term Target	Increasing the proportion of sales of climate change products* to more than 45% against total revenues by 2018 * Definition of Hyundai E&C's climate change products: Energy plants, products of green business, green buildings, and high-efficiency buildings					
			Proportion of total climate change products (%)	27.79	27.76	39.56	43.02	45.0
			Proportion of climate change products in Infra & Environment Works Division (%)	3.84	1.08	1.40	1.25	2.0
		Measurement	Proportion of climate change products in Building Works Division (%)	11.39	12.72	23.19	29.25	29.0
			Proportion of climate change products in Plant Works Division (%)	12.56	7.55	7.74	7.19	8.0
			Proportion of climate change products in Power & Energy Works Division (%)	0.00	6.41	7.23	5.34	6.0
	Securing Core Environment-friendly and High-efficiency Technology	Long-term Target	Investing KRW 93.5 billion in securing core environment-friendly and high-efficiency technology by 2018 * Definition of Hyundai E&C's R&D investments: investments in operation of R&D human resources, R&D expenses, and acquisition of R&D assets					
			R&D investments (KRW 100 million)	190	299	234	227	240
			R&D human resources (person)	122	166	183	183	185
		Measurement	Patent applications (case)	55	75	90	80	80
			Cost saving by in-house technical consulting for sites (KRW 100 billion)	248	401	1,030	1,000	1,050
			In-house technical consulting for sites provided at bidding stage (case)	25	32	33	35	40
	Reducing GHG Emissions	Long-term Target	Reducing GHG emissions to 528,375 tCO <sub>2</sub> -e, 10.5% lower than emissions of 2015 (590,364 tCO <sub>2</sub> -e) by 2020					
			Total GHG emission reductions (tCO <sub>2</sub> -e)	16,509.03	10,345.88	74,133.49	75,690.29	78,803.90
		Measurement	GHG emission reductions by reduction methods (tCO <sub>2</sub> -e)	15,846.53	9,502.65	438.12	447.32	465.72
			GHG emission reductions by introducing low-energy equipment (tCO <sub>2</sub> -e)	0.00	148.24	72,888.23	74,418.88	77,480.19
			GHG emission reductions by energy saving campaigns (tCO <sub>2</sub> -e)	662.50	694.99	807.14	824.09	857.99

Area	Sustainability Issue	KPI	2013	2014	2015	2016 (Target / Estimation)
Sustainability KPI by Areas						
Strategic Management	Creation of Sustainable Economic Value	Revenues (KRW 100 million, consolidated)	139,383	173,870	191,221	192,000
		Revenues (KRW 100 million, separate)	105,913	107,558	106,604	107,600
		Overseas orders received (USD 100 million)	1,044.39	1,155.27	1,189.29	1,266.15
		Revenues from climate change products (KRW 100 million)	29,433	29,854	42,170	46,293
		Revenues from climate change products in Infra & Environment Works Division (KRW 100 million)	4,071	1,158	1,489	1,341
		Revenues from climate change products in Building Works Division (KRW 100 million)	12,060	13,684	24,719	31,470
		Revenues from climate change products in Plant Works Division (KRW 100 million)	13,302	8,119	8,256	7,739
		Revenues from climate change products in Power & Energy Works Division (KRW 100 million)	0	6,893	7,706	5,743
	Sound Corporate Governance	Attendance rate of external directors (%)	97.75	100	100	100
		Number of overseas hotlines (hotline)	27	27	27	28
Environmental Management	Maximizing Eco-efficiency	Total HSE training participants (person)	4,002	4,167	3,172	3,242
		HSE training satisfaction (%)	83.3	94.5	90.2	93.0
		GHG emissions (tCO <sub>2</sub> -e)	390,113.63	377,751.88	431,870.32	422,801.06
		- Scope 1 GHG emissions (tCO <sub>2</sub> -e)	13,245.11	13,232.21	20,043.07	19,622.17
		- Scope 2 GHG emissions (tCO <sub>2</sub> -e)	53,049.52	52,923.67	53,885.25	52,753.67
		- Scope 3 GHG emissions (tCO <sub>2</sub> -e)	323,819.00	311,596.00	357,942.00	350,425.22

Area	Sustainability Issue	KPI	2013	2014	2015	2016 (Target / Estimation)
Sustainability KPI by Areas						
Environmental Management	Minimizing Environmental Impacts	Energy consumptions (TJ)	1,285.00	1,278.00	1,399.29	1,366.68
		Waste generation (ton)	625,147	452,021	635,939	599,886
		Water consumptions (1,000 ton)	950	803	940	920
		Expenditures/investments for environmental protection activities (KRW 100 million)	367	474	548	560
Technology Management	Enhancement of Core Technology Capability	R&D investments (KRW 100 million)	190	299	234	227
		- Investments in operation of R&D human resource (KRW 100 million)	114	147	172	170
		- R&D expenses (KRW 100 million)	39	39	45	55
		- Acquisition of R&D assets (KRW 100 million)	37	113	17	2
		R&D human resources (person)	122	166	181	183
		R&D projects (case)	49	57	51	55
		Patent applications (case)	55	75	83	80
		In-house technical consulting for sites (case)	227	148	242	250
		In-house technical consulting for sites provided at bidding stage (case)	25	32	33	35
		Cost savings by in-house technical consulting for sites (KRW 100 billion)	248	401	1,030	1,000
	Customer Satisfaction through Innovation	Customer satisfaction (point)	94.4	96.3	85.0	88.0
		Average time to process customer opinions - Website (day)	2.2	2.4	1.9	2.0
		Response time to customer opinions - Customer center call (%)	99.4	99.3	99.2	99.3
Talent Management	Cultivation and Acquirement of Global Talents	Recruitments (person)	531	522	350	244
		- New employees (person)	271	243	176	94
		- Experienced/Flextime employees (person)	207	230	141	150
		- Intern (person)	53	49	33	-
		Training satisfaction (point)	4.60	4.40	4.40	4.50
		Job capability evaluation (point)	79.00	79.00	81.00	83.00
	Work-life Balance	Financial supports for complimentary medical check-up (KRW 100 million)	17.1	18.6	19.5	18.8
		Number of benefiting employees/employee families of complimentary medical check-up (person)	4,988	5,681	5,899	6,086
		Employee engagement (%)	84.0	83.0	83.3	83.5
	Fortification of Safety Management System	On-site safety inspections (case)	1,251	1,691	3,800	4,049
		- Supportive inspections (case)	875	1,181	1,265	1,288
		- Safety evaluations (case)	253	112	110	112
		- Special inspections (case)	123	398	815	830
		- Executive-driven inspections (case)	-	-	1,610	1,819
		Accident rate (%)	0.21	0.27	0.14	0.13
Shared Growth Management	Shared Growth with Suppliers	Number of benefitting suppliers of Overseas Expansion Training Program (company)	99	122	130	135
		Revenue generation due to Overseas Expansion Training Program (KRW 100 million)	1,118	3,826	1,312	1,198
		Amount of Win-win Growth Fund (KRW 100 million)	151	145	173	175
		Number of benefitting suppliers of Global Leading Company Training Program (company)	29	24	19	20
		Supplier satisfaction (point)	82.0	82.4	82.5	82.6
	Generation of Shared Value through Social Contribution	Donations at headquarters (KRW 100 million)	45.5	61.5	37.3	34.0
		Annual company-wide goal of employees' volunteer mileage program (mile per person)	8	10	10	10
		Donations by Sharing Love (KRW 100 million)	3.20	3.45	3.42	3.40



Global Sustainability Partnerships

UN Global Compact



To fulfill its role and responsibility as a sound corporate citizen, Hyundai E&C signed the UN Global Compact in 2010. Hyundai E&C proactively upholds the ten major principles in four major sectors including human rights, labour, environment, and anti-corruption throughout overall management practices and strives to create socially shared value such as the mutual cooperation, job creation, and protection of the socially vulnerable.

UN GLOBAL COMPACT 10 PRINCIPLES

Human Rights	Labour	Environment	Anti-Corruption
<p><b>Principle 1.</b> Businesses should support and respect the protection of internationally proclaimed human rights.</p> <p><b>Principle 2.</b> Businesses should make sure that they are not complicit in human rights abuses.</p>	<p><b>Principle 3.</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p><b>Principle 4.</b> Businesses should uphold the elimination of all forms of forced and compulsory labour.</p> <p><b>Principle 5.</b> Businesses should uphold the effective abolition of child labour.</p> <p><b>Principle 6.</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation.</p>	<p><b>Principle 7.</b> Businesses should support a precautionary approach to environmental challenges.</p> <p><b>Principle 8.</b> Businesses should undertake initiatives to promote greater environmental responsibility.</p> <p><b>Principle 9.</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>	<p><b>Principle 10.</b> Businesses should work against corruption in all its forms, including extortion and bribery.</p>

UN Sustainable Development Goals (UN SDGs)



UN Sustainable Development Goals are the global mid- to long-term development plan of the United Nations consisting of total 17 goals. It is being executed in order to solve economic, environmental, and social problems around the globe for the upcoming 15 years, from 2016 to 2030. Faithfully endorsing the UN SDGs for a better future of the Earth, Hyundai E&C has been concentrating every effort participating in the realization of the Goals through the environment-friendly construction product and cutting-edge technological service. Hyundai E&C supports the new UN Sustainable Development Goals by striving to accomplish the four key goals closely related to the construction industry.

4 KEY UN SUSTAINABLE DEVELOPMENT GOALS

<p><b>UN SDGs 06</b> Clean Water and Sanitation</p> <p>Ensuring availability and sustainable management of water and sanitation by achieving universal access to drinking water, increase water-use efficiency, and halving the proportion of untreated wastewater by 2030</p>	<p><b>UN SDGs 07</b> Affordable and Clean Energy</p> <p>Ensuring access to sustainable energy by increasing the share of renewable energy and doubling the global rate of improvement in energy efficiency by 2030</p>	<p><b>UN SDGs 09</b> Industry, Innovation and Infrastructure</p> <p>Upgrading industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes by 2030</p>	<p><b>UN SDGs 11</b> Sustainable Cities and Communities</p> <p>Making sustainable cities and human settlements by ensuring access to housing, providing access to transport systems, and enhancing urbanization by 2030</p>
--	--	---	---

UN Guiding Principles on Business and Human Rights



Hyundai E&C has proclaimed its endorsement of UN Guiding Principles on Business and Human Rights that was adopted at the 17th UN Human Rights Council (UNHRC) in June 2011; based on the Principles, Hyundai E&C developed a “HDEC Human Rights Exposure Assessment Framework” in 2013 and thus has analyzed the exposure to human rights risks at all domestic and overseas sites every year preventing human rights violations. The Framework includes the due diligence process for three pillars of Policy Commitment, Operational Requirements, and Remediation; the due diligence process covers the identification of potential human rights issues, identification of vulnerable groups, and mitigation actions. The 2015 results of human rights exposure assessment for total 71 countries where Hyundai E&C generated revenues, conducted sales activity, and procured products and services are as following:

- 1) Proportion of revenues from high-risk countries: 5.61% of total revenues - Iraq 2.41%, Turkey 1.50%, Colombia 0.44%, Saudi Arabia 0.37%
- 2) Proportion of product procurements from high-risk countries: 8.96% of total product procurement - Saudi Arabia 3.43%, China 1.73%, India 0.95%, Bahrain 0.82%
- 3) Proportion of service procurements from high-risk countries: 6.08% of total service procurement - Saudi Arabia 2.67%, Iraq 1.60%, China 1.20%, Turkey 0.29%
- 4) Proportion of revenues from countries with violent conflicts: 2.82% of total revenues - Iraq 2.41%, Sri Lanka 0.37%, India 0.04%

Greenhouse Gas Verification Statement

Introduction

Korean Foundation for Quality (hereinafter 'KFQ') has been engaged in Hyundai Engineering & Construction (hereinafter 'the Company') to independently verify its 2015 Report on the quantity of Greenhouse Gas Emissions from entire places of business nationwide (hereinafter 'Inventory Report').

Verification Scope

KFQ's verification was focused on all of the greenhouse gas emission sources domestic and foreign (direct emission and indirect emission) controlled by the Company.

Verification Criteria

The verification process was based on 'Greenhouse Gas and Energy Target Management Scheme (Notification No. 2014-186 of Ministry of Environment)' (hereinafter 'the Scheme') for every applicable part. The indirect emissions (electricity) factor of foreign sites by country was based on IEA composite electricity/heat factor.

Verification Procedure

The Verification has been planned and conducted by the "Greenhouse Gas and Energy Target Management Scheme," and to reach reasonable level of assurance. Furthermore, the entire verification process underwent internal review to ensure its methodology and effectiveness.

Verification Limitation

In order to confirm the data and information provided by the Company, sampling method was applied in the Verification Plan. For verification of foreign sites, the only document review was implemented. Therefore, KFQ acknowledged the data and information from Company as it is.

Conclusion / Opinion

Based on verification process according to the Scheme, KFQ obtained reasonable basis to derive following conclusion on the greenhouse gas emission data in the Inventory Report.

- 1) The Company's 2015 Report on Quantity of emitted Greenhouse Gas was documented in accordance with "Greenhouse Gas and Energy Target Management Scheme" run by the government.
- 2) According to materiality assessment on the quantity of greenhouse gas emitted from every Company's places of business nationwide in 2015, material discrepancy is less than the criteria of 5.0% for an organization that emits under 500,000 tCO<sub>2</sub>-e in accordance with "Greenhouse Gas and Energy Target Management Scheme."
- 3) Please note that the Scheme does not concern Scope 3 emissions. The verification accuracy of Scope 3 emissions may be limited as it was conducted with the data calculated by the Company Guidelines.

(Unit: tCO<sub>2</sub>-e)

Company	Site	Scope 1	Scope 2	Total	Scope 3
Hyundai Engineering & Construction	Domestic	20,043	53,885	73,923	357,942
	Overseas	401,513	114,928	516,441	505,179

- 4) Thus, KFQ concludes that the Greenhouse Gas Emissions and Energy Consumption of Hyundai Engineering & Construction in 2015 is correctly calculated and stated in accordance with “Greenhouse Gas and Energy Target Management Scheme.”



31 MAY, 2016  
CEO **Nam Dae-Hyun**  
Korean Foundation for Quality (KFQ)

*Dae-hyun Nam*



Third Party Assurance Report

Responsibility and Objective

Hyundai E&C is responsible for all information and claims contained in the Report regarding the establishment of its sustainability management goals, performance management etc. The responsibility of the Auditor is to deliver the findings from its assurance undertaking to the management of Hyundai E&C. The key objective of the assurance is to check whether there are any material bias or errors present in the Report; assess whether the underlying data collection system is in proper working order; while undertaking in an overall review of the Company's process for identifying issues of material importance to sustainability management as well as the produced results so that the Auditor may deliver recommendations that can help improve the quality of future reporting.

Assurance Type and Level

The Report was reviewed against the following criteria and guidelines: (1) AA1000 Assurance Standards (2008)\*; (2) Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines2\*\*; and (3) B.E.S.T Sustainability Reporting Guidelines3\*\*\*

Assurance Scope	Contents of the "2016 Sustainability Report" by Hyundai E&C
Assurance Type & Level	Type II, Moderate level
Assurance Criteria	- "IPS Assurance Manual" to verify compliance against AA1000AS (2008) standard's three core principles - "IPS Performance Indicators Assurance Criteria" to assess the reliability of performance indicators - GRI Guideline's "in accordance" options - B.E.S.T Guideline's "reporting level"

Work Undertaken and Scope

The Auditor confirmed 1) the inclusivity, materiality, and responsiveness of the reported content; 2) the reliability of the reported performance data; 3) the Report's level of compliance against GRI's G4 Sustainability Reporting Guidelines; and 4) the level of compliance relative to the B.E.S.T Reporting Guidelines through the process outlined below.

- Review of the Company's processes for identifying material issues and outcomes
- Review of the Company's stakeholder engagement processes
- Interviews with persons responsible for each performance dimension and the collection of performance data to determine the adequacy of the reported content
- On-site review (Hyundai E&C's Head Office) to assess systems and processes in place for the collection and reporting of raw performance data (June 2016)
- Review of underlying reference data on key economic, social, and environmental performance
- Sample testing of materiality issues to ascertain the completeness and accuracy of information contained in the Report
- Review of the Report's compliance against GRI/B.E.S.T reporting guidelines

Limitations

The scope of this undertaking was limited to:

- Interviews with individuals responsible for different performance dimensions and the collection of performance data; review of the adequacy of the reported data
- On-site review of Hyundai E&C's Head Office
- Assurance based on relevant data and information available for the relevant reporting period
- Review of the reliability of reported performance data
- This undertaking does not include data on green-house gas emissions, which is subject to a separate review.

Assurance Findings

The Auditor does not find the Report to contain any material misstatements or bias.

[Inclusivity] Does the Company have adequate stakeholder engagement strategy setting and related processes in place?

It is the Auditor's view that Hyundai E&C recognizes the importance of stakeholder participation in terms of its sustainability management, putting in place various processes for stakeholder engagement to better reflect relevant findings in its business management activities. Notably, the Company has defined its top six key stakeholder groups, which may have a direct or indirect impact on Company operations, while running communication channels specific to different stakeholder groups to better collect stakeholder views. Based on these findings, the Company has been working to identify stakeholder-specific needs and issues requiring attention by the Company, to reflect into its sustainability management program and initiatives, all in line with the principle of inclusivity.

[Materiality] Does the Report contain information of the highest material importance to Hyundai E&C stakeholders across the economic, social, and environmental dimensions?

It is the Auditor's view that the Report does not omit or exclude issues of key importance to the sustainability management activities of Hyundai E&C. The Company has established a process for identifying major issues impacting its sustainability management in accordance with the GRI G4 international sustainability reporting guidelines, while planning its Report contents around material issues of the key-most concern. The Auditor noted efforts by the Company to better satisfy stakeholders' right to be informed, by presenting a balanced account not only of the core-most issues but also other main as well as general report items, in line with materiality principles.

\* AA1000AS is a sustainability assurance standard developed by the UK-based Institute of Social and Ethical Accountability (AccountAbility) in November 1999 to assure organization-wide sustainability performance and accountability by improving the quality of accounting, auditing and reporting practices in the social and business ethics domain. The revised 2008 version has been in effect since 2010.

\*\* The GRI G4 Guideline was established by the GRI, convened by the Coalition for Environmentally Responsible Economies (CERES) and UNEP in 1997. After the first universal GRI sustainability reporting guidelines for multinationals was released in 2000, the latest G4 version was introduced in May 2013, with enhancements in supply chain, governance, ethics & integrity, anti-corruption, GHG emissions & energy disclosures.

\*\*\* The B.E.S.T Guideline was jointly developed by the Ministry of Commerce, Industry, and Energy (MOCTE), the Korea Chamber of Commerce and Industry (KCCI), and the Institute for Industrial Policy Studies (IPS) in 2006 as a sustainability reporting and assurance guideline, and provides for five levels of reporting rigor (Level 1 - 5).

[Responsiveness] Does the Report provide an adequate response to stakeholder demands and interests?

The Auditor found Hyundai E&C to be providing an adequate response to issues of concern and interest to Company stakeholders. To this end, it has established various channels of communication for different stakeholder groups, while making a greater effort to account for how the Company has responded to various communication findings, while also noting achieved outcomes within its Report. The Auditor took note of broad-based efforts by Hyundai E&C to address and manage the needs of both internal and external stakeholder groups such as on-site quality assessments via quality experts, customized online quality training sessions for executives and employees responsible for quality improvements - intended as a way to achieve pre-emptive quality improvements for better customer satisfaction - the launch of a new "zero complaint" team dedicated to delivering a rapid on-site response to any customer complaints, operation of a vender consultation council designed to identify and respond to the needs of its business partners, an ECC (employee counseling center) and EHP (employee healing program) made available for all employees, all of which are very much consistent with the principle of responsiveness.

[GRI "In Accordance" Criteria]

The Auditor confirmed that the Report is "in accordance" with GRI G4 guidelines under the "comprehensive option," as it reports on General Standard Disclosures and Additional Disclosures (materiality aspects, DMA, performance indicators) as indicated in the G4 Guidelines.

[Reliability of Performance Indicators]

After reviewing the performance data stated in the Report, the Auditor found its underlying data collection system to be adequate and failed to find any material errors that can either bias the Company's judgment or compromise the reliability of the data. The following performance indicators were reviewed for the purpose of this assurance

Sustainability Dimension	Core Issue	Performance Indicator	
Sustainable Business Management	Achieving the Company's Long-term Vision	DJSI E&C Segment	1st Place Ranking
	Achieving Economic Outcomes	Revenue	KRW 19.1221 trillion
Strategic Management	Execution of Business Ethics	Percentage of Companies Receiving Consultation after Filing Complaints to the Cyber Audit Office	26%
	Environmental Management System	No. of Persons Receiving Training on Environmentally-friendly Business Management	1,979 persons
Technology Management	Acquiring Core Technologies	Monetary Value of Cost Savings Achieved through On-site Technological Support	KRW 103 billion
	Customer Satisfaction	Customer Satisfaction Surveys	85 points
Human Talent Management	Fostering Human Talent	No. of Hours of Training per Executive/Employee	95 hours
	Safe Business Management	Declining Trends in Industrial Accident Premiums Paid	KRW 21.46 billion
Win-win Management	Sustainability of Vendors	Policies for Management of a Sustainable Vendor Network	Compliance with Guidelines
	Social Contributions	Scale of Overseas Social Contribution Activities	KRW 700 million

\* Represents a partial sub-set of indicators most relevant to sustainability management

[Level of B.E.S.T Guideline Application]

In view of the coverage and reliability of the information provided, the Auditor finds the Report to qualify for a Level 4 Report (Levels 1 to 5) relative to the B.E.S.T Guidelines, which is indicative of a level of sustainability consistent with the "anchoring" phase.

Recommendations

The Auditor found the "2016 Sustainability Report" by Hyundai E&C commendable in the following respects. The Report (1) represents the commitment of the Company to seek out new business opportunities linked with key mega trends affecting the E&C industry in a wish to respond pre-emptively to the UN SDG's; (2) sets out efforts by the Company to implement management policies and sustainability management initiatives as prescribed in its system for execution of sustainability management as well as achieved outcomes (advancement of its crisis response and management system, etc.); and (3) provides a full account of Company efforts to introduce new programs to better communicate and collaborate with all internal stakeholders, etc.

For future reports, the Auditor recommends considering the following.

- Provide assessment and analysis of its business strategies as well as relevant social and economic values that can be generated across the value chain of the E&C industry;
- Continue to broaden the scope of stakeholder engagement and strengthen execution of responses to stakeholder expectations; and
- Strengthen reporting on the rate of progress achieved against stated objectives while providing time-series analysis of execution (performance) outcomes for better comparability purposes.

Independence

Apart from this independent assurance undertaking, the Auditor was not involved in the preparation of any part of the Report and has no commercial affiliation with Hyundai E&C that might compromise our independence.

Qualifications of the Auditor

Commissioned by Hyundai E&C as the Auditor for this assurance undertaking, the Institute for Industrial Policy Studies (IPS) was established in 1993 and has since developed into a specialized institution with broad expertise in the areas of business ethics, CSR, and sustainability management since 2002.



16 JUN, 2016  
Chairman **Lee Yoon-Cheol**  
The Institute for Industrial Policy Studies



GRI G4 Index

GRI G4	No.	Indicators	Page	BEST 2.0	Remark
General Standard Disclosures					
Strategy and Analysis	G4-1	Statement from the most senior decision-maker	2-3	A_1	
	G4-2	Provides a description of Key impacts, risks, and opportunities	2-3,30-31	A_2	
Organizational Profile	G4-3	Report the name of the organization	4	A_3	
	G4-4	The primary brands, products, and services	4-5	A_4	
	G4-5	The location of the organization's headquarters	4-5	A_7	
	G4-6	The number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	4-5	A_7	
	G4-7	The nature of ownership and legal form	26	A_8	
	G4-8	The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	4-5	A_9	
	G4-9	Scale of the organization	4-5,22,52	A_10	
	G4-10	Total workforce	52	EM1	
	G4-11	The percentage of total employees covered by collective bargaining agreements	57	EM12	
	G4-12	The organization's supply chain	63	-	
	G4-13	Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	About This Report	B_8	
	G4-14	Whether and how the precautionary approach or principle is addressed by the organization	30-31	GR11	
	G4-15	List Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	28, 54	GR10	
	G4-16	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization	81	A_11	
Identified Material Aspects and Boundaries	G4-17	A. All entities included in the organization's consolidated financial statements or equivalent documents. B. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	4-5	A_5, A_6	
	G4-18	A. The process for defining the report content and the aspect boundaries. B. How the organization has implemented the reporting principles for defining report content.	20-21	-	
	G4-19	List all the material Aspects identified in the process for defining report content	21	-	
	G4-20	For each material Aspect, report Aspect Boundary within the organization	20	B_1, B_2	
	G4-21	For each material Aspect, report the Aspect Boundary outside the organization	20	B_1, B_2	
	G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	About This Report	-	
	G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	37	B_5	
	G4-24	List of stakeholder groups engaged by the organization	19	C_1	
Stakeholder Engagement	G4-25	Basis for identification and selection of stakeholders with whom to engage	19	C_1	
	G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	19-20	C_2	
	G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	19-21	C_3	
Report Profile	G4-28	Reporting period such as fiscal or calendar year for information provided	About This Report	B_3	
	G4-29	Date of most recent previous report (if any)	76	-	JUL 2015
	G4-30	Reporting cycle such as annual, biennial	About This Report	B_6	
	G4-31	Provide the contact point for questions regarding the report or its contents	Cover	B_9	
	G4-32	GRI Index ('In accordance' option, GRI Content Index, and the external assurance report)	76-79	B_10	
	G4-33	A. Policy and current practice with regard to seeking external assurance for the report. B. If not included in the assurance report accompanying the sustainability report, the scope and basis of any external assurance provided. C. Relationship between the organization and the assurance providers. D. Whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report	74-75	B_7	
Governance	G4-34	Report the governance structure of the organization, including committees of the highest governance body	27	GR1	
	G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	18,27	-	
	G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	26-27	-	
	G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics if consultation is delegated, describe to whom and any feedback processes to the highest governance body	26-27	GR12	
	G4-38	Report the composition of the highest governance body and its committees	26-27	GR2, GR3	
	G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	26	GR1	
	G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	26-27	GR4	
	G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed	26-27	GR13	
	G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	26-27	GR6	
	G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	27	-	

GRI G4	No.	Indicators	Page	BEST 2.0	Remark
Governance					
Governance	G4-44	A. Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. B. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	26	GR5	
	G4-45	A. The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. B. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	26	GR8	
	G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	27	GR8	
	G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	26	GR8	
	G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	27	-	
	G4-49	Report the process for communicating critical concerns to the highest governance body	27	GR12	
	G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	56	-	
	G4-51	Report the remuneration policies for the highest governance body and senior executives	27	GR7	
	G4-52	Report the process for determining remuneration Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management Report any other relationships which the remuneration consultants have with the organization	26	GR7	
	G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	26	-	
	G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	77	-	4.38 times
	G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	77	-	
Ethics and Integrity	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	28	EM26	
	G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	29	-	
	G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	29	-	
Specific Standard Disclosures					
DMA	G4-DMA	Report why the Aspect is material Report how the organization manages the material Aspect or its impacts Report the evaluation of the management approach	20-21,37	DMA	
Economic					
Economic Performance	EC1	Direct economic value generated and distributed	19,22	EC1	
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	37	EC2	
	EC3	Coverage of the organization's defined benefit plan obligations	56	EC3	
	EC4	Financial assistance received from government	-	EC5	Not applicable
Market Presence	EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	-	EM4	
	EC6	Proportion of senior management hired from the local community at significant locations of operation	-	EC4	
Indirect Economic Impacts	EC7	Development and impact of infrastructure investments and services supported	42-45	EC6	
	EC8	Significant indirect economic impacts, including the extent of impacts	19	EC7	
Procurement Practices	EC9	Proportion of spending on local suppliers at significant locations of operation	60-62	-	
Environmental					
Materials	EN1	Materials used by weight or volume	39	EV10	
	EN2	Percentage of materials used that are recycled input materials	38	EV11	
Energy	EN3	Energy consumption within the organization	38	EV7	
	EN4	Energy consumption outside of the organization	38		
	EN5	Energy intensity	38		
	EN6	Reduction of energy consumption	38,40	EV5	
	EN7	Reductions in energy requirements of products and services	40		
	EN8	Total water withdrawal by source	39		
Water	EN9	Water sources significantly affected by withdrawal of water	38-39		
	EN10	Percentage and total volume of water recycled and reused	39		



GRI G4 Index

GRI G4	No.	Indicators	Page	BEST 2.0	Remark
Biodiversity	EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas	43	EV22	
	EN12	Description of significant impacts of activities, products, and services on Biodiversity	43	EV22, EV26	
	EN13	Habitats protected or restored	43	EV6, EV27	
	EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	43	EV28	
Emissions	EN15	Direct greenhouse gas(GHG) emissions (scope1)	38	EV12	
	EN16	Energy indirect greenhouse gas(GHG) emissions (scope2)	38	EV12	
	EN17	Other indirect greenhouse gas(GHG) emissions (scope3)	38	EV13	
	EN18	Greenhouse gas (GHG) emissions intensity	38	-	
	EN19	Reduction of greenhouse gas (GHG) emissions	38	EV4	
	EN20	Emissions of ozone-depleting substances (ODS)	-	EV14	Not applicable
	EN21	Nox, Sox, and other significant air emissions	-	EV15	Not applicable
Effluents and Waste	EN22	Total water discharge by quality and destination	39	EV17	
	EN23	Total weight of waste by type and disposal method	39	EV16	
	EN24	Total number and volume of significant spills	-	EV21	Not applicable
	EN25	Weight of transported, imported, exported, or treated waste deemed hazardous	-	EV29	Not applicable
	EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	42-43	EV19	
Products and Services	EN27	Extent of impact mitigation of environmental impacts of products and services	38-43	EV23, EV25	
	EN28	Percentage of products sold and their packaging materials that are reclaimed by category	39	EV24	
Compliance	EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	43	EV31	
Transport	EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	42	EV30	
Overall	EN31	Total environmental protection expenditures and investments by type	44-47		
Supplier	EN32	Percentage of new suppliers that were screened using environmental criteria	63	PN3	
Environmental Assessment	EN33	significant actual and potential negative environmental impacts in the supply chain and actions taken	63	PN4	
Environmental Grievance Mechanisms	EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	-	-	Not applicable
Social					
Labor Practices and Decent Work					
Employment	LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	52	EM5	
	LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	53,56	EM20	
	LA3	Return to work and retention rates after parental leave, by gender	56	-	
Labor/Management Relations	LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	57	EM13	
Occupational Health and Safety	LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help, monitor, and advise on occupational health and safety programs	59	EM14	
	LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	59	EM19	
	LA7	Workers with high incidence or high risk of diseases related to their occupation	58-59	-	
	LA8	Health and safety topics covered in formal agreements with trade unions	59	EM15, EM17	
Training and Education	LA9	Average hours of training per year per employee, by gender, and by employee category	59	EM27	
	LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	54-55	EM28	
	LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	55	EM29	
Diversity and Equal Opportunity	LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	53	EM2	
Equal remuneration for women and men	LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	53	EM3	
Supplier Assessment for Labor Practices	LA14	Percentage of new suppliers that were screened using labor practice criteria	63	PN3	
	LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	63	PN4	
Labor Practices Grievance Mechanisms	LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	-	PN5	Not applicable

GRI G4	No.	Indicators	Page	BEST 2.0	Remark
Human Rights					
Investment	HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	54	PN2	
	HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	54	EM30	
Non-discrimination	HR3	Total number of incidents of discrimination and corrective actions taken	54	EM7	
Freedom of Association and Collective Bargaining	HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	28-29,60-63	EM8	
Child Labor	HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	54	EM9	
Forced of Compulsory Labor	HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	54	EM10	
Security Practices	HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations		EM31	
Indigenous Rights	HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	29	CO2	
Assessment	HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	63	-	
Supplier Human Rights Assessment	HR10	Percentage of new suppliers that were screened using human rights criteria	63	PN3	
	HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	63	PN4	
Human Rights Grievance Mechanisms	HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	53	-	
Society					
Local Communities	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	64-67	CO1, CO2	
Anti-corruption	SO2	Operations with significant actual and potential negative impacts on local communities	42-43,64-65	-	
	SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	30	CO5	
	SO4	Communication and training on anti-corruption policies and procedures	28-29	CO5	
	SO5	Confirmed incidents of corruption and actions taken	29	CO5	
Public Policy	SO6	Total value of political contributions by country and recipient/beneficiary	-	CO7	Not applicable
Anti-competitive Behavior	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	29	CS3	
Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	69	CO9	
Supplier Assessment for Impacts on Society	SO9	Percentage of new suppliers that were screened using criteria for impacts on society	63	PN3	
	SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	63	PN4	
Grievance Mechanisms for Impacts on Society	SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	-	-	
Product Responsibility					
Customer Health and Safety	PR1	Percentage of significant products and services categories for which health and safety impacts are assessed for improvement	38-40	CS4	
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	-	CS11	Not applicable
Product and Service Labeling	PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant products and services subject to such information requirements	48-49	CS5	
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	-	CS13	Not applicable
	PR5	Results of surveys measuring customer satisfaction	49	CS6, CS9	
Marketing Communications	PR6	Sale of banned or disputes products	-	CS10	Not applicable
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	-	CS14	Not applicable
Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	-	CS10, CS15	Not applicable
Compliance	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	-	CS12	Not applicable



Sustainable Value Creation

Industry Leader of DJSI\* for Three Consecutive Years

\*DJSI: Dow Jones Sustainability Index



In the Dow Jones Sustainability Index (DJSI), the most authoritative sustainability index in the world, Hyundai E&C was honored to be selected as the Industry Leader of the Construction & Engineering Industry in 2015, following 2014 and 2013. It is the first in the global construction industry for a company to become the Industry Leader for three consecutive years. This meaningful achievement is proving that the corporate value of Hyundai E&C as the global No. 1 construction company has been highly recognized. The DJSI is the investment index developed by S&P Dow Jones Indices, the largest financial information company, and RobecoSAM, a Swiss assessment company. It annually evaluates the economic, environmental, and social sustainability of top 2,500 companies in market capitalization by industries and announces the evaluation result.



CDP\* Carbon Management Honors Club for Two Consecutive Years

\*CDP: Carbon Disclosure Project



In November 2015, Hyundai E&C was selected as a member of 'Carbon Management Honors Club' for two consecutive years, which Carbon Disclosure Project (CDP), the most authoritative environmental index of the world, awards to excellent companies; the CDP index is one of the most reliable sustainability management index in the world with Dow Jones Sustainability Index and Bloomberg Indexes. It annually evaluates, analyzes, and reports activities of key listed companies' activities to respond to the climate change. For the evaluation of 2015, Hyundai E&C accomplished the perfect score (100 points) for Carbon Disclosure Leadership Index (CDLI) and 'Band A,' the highest level of the evaluation result in the climate action sector. As a result, we were included in not only 'Carbon Management Honors Club' for the second time in 2015 but also 'Carbon Management Sector Winners' in the industrial material sector for 4 consecutive years.

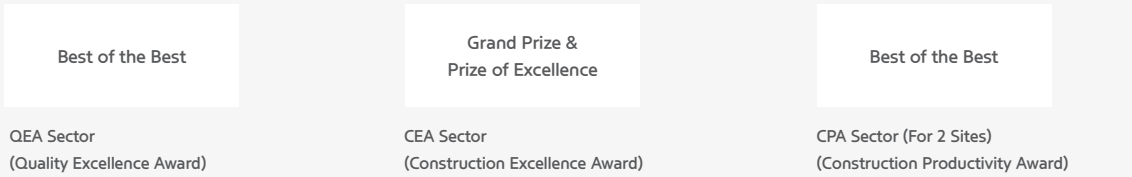


5 Awards at 2015 Singapore BCA\* Awards

\*BCA: Building and Construction Authority



Hyundai E&C strengthened its foothold as the global environment-friendly construction company by winning total 5 awards in 3 sectors at 2015 Singapore BCA Awards held by the Singaporean government; Singapore BCA Awards is the most authoritative construction-related award that evaluates projects completed or being executed in the country in various areas such as construction, environment-friendliness, engineering, safety, and quality. Awards are given to clients, developers, and constructors. Since 1997, Hyundai E&C has won total 18 awards with its outstanding construction capability for diverse projects including Asia Square Tower 2, NV Residences, and Specialist Shopping Center.



Major Awards and Accolades

2016 Major Awards

Award	Description	Host / Provider
2016 Money Today Korea Residential Service Awards	Grand Prize (MLTM Minister's Prize)	Money Today
2016 Money Today Overseas Construction Awards	Grand Prize (MLTM Minister's Prize)	Money Today

2015 Major Awards

Award	Description	Host / Provider
2015 CDP Korea	Carbon Management Honors Club, Sector Winners	CDP Korea
6th Korea Green Construction Awards	Grand Prize (Housing category)	The Seoul Shinmun
15th Herald Economy Green Residence Awards	Grand Prize	Herald Economy
2015 Second-half Hankyung Residential Culture Awards	Grand Prize (Brand category)	HankYung
2015 Green Housing Awards	Grand Prize (Green Design category)	Hankook Daily
11th Korea Civil Engineering & Construction Technology Awards	Grand Prize (Construction category)	MaeKyung, MBN, Architectural Institute of Korea, Korean Society of Civil Engineers
Awards for the Promotion of the Construction Industry's Cooperation 2015	Grand Prize/MLTM Minister's Prize	CNEWS
4th eDaily Construction Industry Awards	Overall Grand Prize (Overseas Construction category)	eDaily
2015 Asia Today Green Construction Awards	Grand Prize (Housing Business category)	Asia Today
2015 Aju Economy Construction Awards	Grand Prize (Officetel category)	Aju Economy
2015 Dow Jones Sustainability Index	Industry Leader, Construction & Engineering Industry	Dow Jones Indices, RobecoSAM
2015 Money Today Korea Luxury Housing Awards	Best of the Best	Money Today
10th Asia Construction Awards	Overall Grand Prize (Social Contribution category)	Asia Economy
2015 Korea JoongAng Daily Joins Land Eco-friendly Construction Industry Awards	Grand Prize (Housing category)	JoongAng Daily
19th Energy Winner Awards	Award for CO <sub>2</sub> Reductions	Consumers Korea
2015 Korea's Representative Apartment Awards	Grand Prize (Environment-friendliness category)	Hankook Economy TV
2015 First-half Hankyung Residential Culture Awards	Grand Prize (Apartment category)	HankYung
BCA Awards 2015	Best of the Best (Quality Excellence Award category) and 4 others	BCA
2015 Money Today Korea Residential Service Awards	Best of the Best (Engineering & Design category)	Money Today
2015 Money Today Overseas Construction Awards	Grand Prize	Money Today

Memberships

Korean Society of Civil Engineers	Korean Institute of BIM
The Korea Railway Association	Construction Association of Korea
Architectural Institute of Korea	International Contractors Association of Korea
The Society of Air-conditioning and Refrigerating Engineers of Korea	Korea Plant Industries Association
Korea Institute of Architectural Sustainable Environment and Building System	Fair Competition Federation
buildingSMART Korea	
* Partial list: 115 business/academic memberships in total	

Acknowledgement

Sustainability Management Steering Group		
Comprehensive	Lim Kook-Il	Business Innovation Team
	Jeong Da-Young	
Economic	Kang Myung-Joon	Procurement Planning Team
	Park Jong-Hyun	Business Policy Team
Environmental	Kang Young-Min	Green Environment Team
	Kim Hyung-Tae	R&D Planning Team
Societal	Kim Hyo-Jung	Human Resources Planning Team
	Kim Se-Won	Welfare Management Team
	Hong Se-Hwa	HSE Planning Team

Relevant Teams			
Kang Sung-Soo	CS Center	No Tae-Sun	Auditing Team 1
Kang Young-Kyung	Brand Marketing Team	Shim Jae-You	Building Works Design Planning Team
Kwon Sung-Jun	Welfare Management Team	Lee Kyung-Ho	Building Works Mechanical Team
Kwon Young-Pil	RM Planning Team	Lee Yo-Soo	Business Strategy Team
Kwon Eun-hwa	R&D Planning Team	Lee Ji-Yoon	Human Resources Operation Team
Kim Sae-Jin	Customer Center	Jang Dae-Gyu	Human Resources Development & Recruitment Team
Kim Su-Jung	Corporate Brand PR Team	Jang Eun-Jong	Investor Relations Team
Kim Yoon	Corporate Culture PR Team	Cho Joon-Nae	Procurement Planning Team
Kim Ji-Won	Global Marketing Planning Team	Choi Min-Ji	R&D Planning Team
Kim Hyung-Chul	Welfare Management Team	Chu Jin-Woo	Win-Win Cooperation Team
Roh Bong-Kyun	Quality Management Planning Team	Han Myung-Seok	R&D Planning Team



Sustainable Value Creation

Industry Leader of DJSI\* for Three Consecutive Years

\*DJSI: Dow Jones Sustainability Index



In the Dow Jones Sustainability Index (DJSI), the most authoritative sustainability index in the world, Hyundai E&C was honored to be selected as the Industry Leader of the Construction & Engineering Industry in 2015, following 2014 and 2013. It is the first in the global construction industry for a company to become the Industry Leader for three consecutive years. This meaningful achievement is proving that the corporate value of Hyundai E&C as the global No. 1 construction company has been highly recognized. The DJSI is the investment index developed by S&P Dow Jones Indices, the largest financial information company, and RobecoSAM, a Swiss assessment company. It annually evaluates the economic, environmental, and social sustainability of top 2,500 companies in market capitalization by industries and announces the evaluation result.



CDP\* Carbon Management Honors Club for Two Consecutive Years

\*CDP: Carbon Disclosure Project



In November 2015, Hyundai E&C was selected as a member of 'Carbon Management Honors Club' for two consecutive years, which Carbon Disclosure Project (CDP), the most authoritative environmental index of the world, awards to excellent companies; the CDP index is one of the most reliable sustainability management index in the world with Dow Jones Sustainability Index and Bloomberg Indexes. It annually evaluates, analyzes, and reports activities of key listed companies' activities to respond to the climate change. For the evaluation of 2015, Hyundai E&C accomplished the perfect score (100 points) for Carbon Disclosure Leadership Index (CDLI) and 'Band A,' the highest level of the evaluation result in the climate action sector. As a result, we were included in not only 'Carbon Management Honors Club' for the second time in 2015 but also 'Carbon Management Sector Winners' in the industrial material sector for 4 consecutive years.

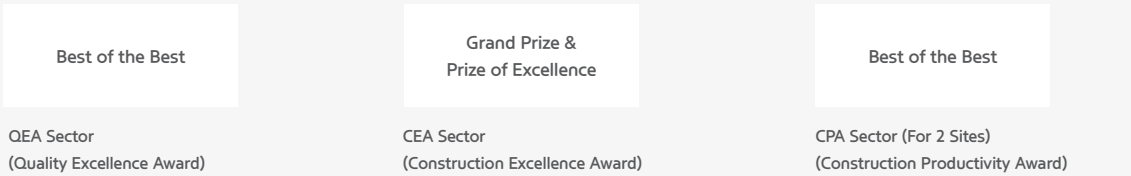


5 Awards at 2015 Singapore BCA\* Awards

\*BCA: Building and Construction Authority



Hyundai E&C strengthened its foothold as the global environment-friendly construction company by winning total 5 awards in 3 sectors at 2015 Singapore BCA Awards held by the Singaporean government; Singapore BCA Awards is the most authoritative construction-related award that evaluates projects completed or being executed in the country in various areas such as construction, environment-friendliness, engineering, safety, and quality. Awards are given to clients, developers, and constructors. Since 1997, Hyundai E&C has won total 18 awards with its outstanding construction capability for diverse projects including Asia Square Tower 2, NV Residences, and Specialist Shopping Center.



Major Awards and Accolades

2016 Major Awards

Award
2016 Money Tree Award
2016 Money Tree Award

2015 Major Awards

Award
2015 CDP Korea Green Building Award
6th Korea Green Building Award
15th Herald Environment Award
2015 Second-Place Award
2015 Green House Award
11th Korea City Technology Award
Awards for the Cooperation 2
4th eDaily Construction Award
2015 Asia Top 100 Green Building Award
2015 Aju Eco-Award
2015 Dow Jones Sustainability Index
2015 Money Tree Award
10th Asia Construction Award
2015 Korea Ji Construction Award
19th Energy Vision Award
2015 Korea's Green Building Award
2015 First-half Award
BCA Awards 2015
2015 Money Tree Award
2015 Money Tree Award

INTEGRATED REPORTING

Integrated Reporting

Hyundai E&C has been publishing its annual sustainability report in an integrated format since 2011 to disclose the economic, environmental, and social values to the stakeholders in a faithful and balanced way; the integrated reporting refers to a method of sustainability reporting that covers both financial and non-financial performances. Hyundai E&C also participated in the Integrated Reporting Pilot Program of the International Integrated Reporting Council (IIRC). We will continue to lead the global sustainability management.

INTEGRATED REPORTING FRAMEWORK

01. Value Creation

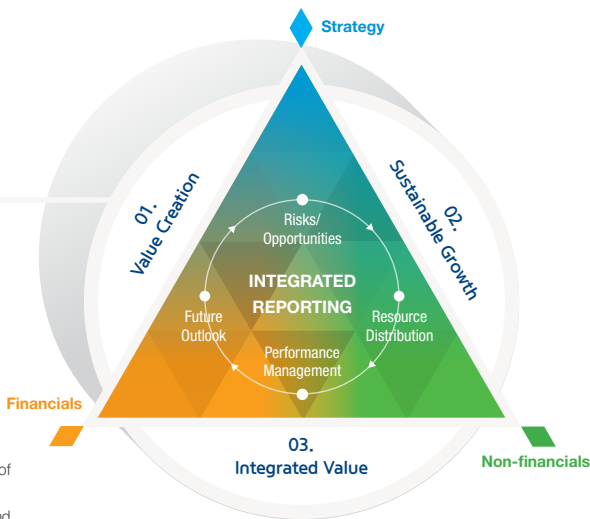
- Hyundai E&C's value creation process
- Future outlook based on the analysis of megatrends
- Strategies on a new growth business and new market entrance

02. Sustainable Growth

- Establishment of mid- to long-term strategies on sustainability management
- Activities and accomplishments in economic, environmental, and social sectors
- Catalogue of sustainability management targets of five areas and KPIs

03. Integrated Value

- Connection between financial information and non-financial information
- Analysis on the efficiency of sustainability management activities
- Report of the sales increase and cost reduction cases due to sustainability management



Contact Us

The Hyundai Engineering & Construction Sustainability Report is also available on our website (<http://en.hdec.kr>). Should you want more information or have any enquiries, please do not hesitate to contact us via the contact information below. We appreciate your feedback.

Business Innovation Team, Business Planning Group, Planning Division, Hyundai E&C Bldg., 75 Yulgok-ro, Jongno-gu, Seoul, Korea, 03058  
Tel/ 82-2-746-3827 Fax/ 82-2-746-4856

Published: JUL 2016 Publishing Entity: Business Innovation Team, Business Planning Group, Planning Division, Hyundai E&C  
Publisher: Jung Soo-Hyun Planning & Design: Nstein Co., Ltd. 82-2-336-7865